ASX ANNOUNCEMENT

HANSEN TECHNOLOGIES

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Chairman's and Managing Director's address to the 2004 Annual General Meeting of Hansen Technologies Limited

Chairman's Address

Introduction

Ladies and gentlemen, welcome to the fifth annual general meeting of Hansen Technologies Limited. I am Kenneth Hansen, chairman of our company.

At last year's meeting, I reported on the re-orientation of Hansen Technologies into a more focused and robust company, based around our core billing systems and IT outsourcing businesses. We were in the process of reducing our dependence on two major telecommunications customers and our EIS gas systems business, which in 2001 had together provided 67 per cent of revenue.

I am pleased to report that our changes enabled us to return to profit for the year to 30 June 2004 and pay our first dividend for two years.

The company's profit after tax of $0.6 million compared with a loss of $6.7 million in 2003. More significantly, our after-tax profit before goodwill amortisation, reflecting our operating performance, was $1.7 million and earnings before interest, tax, depreciation and amortisation increased to $5.9 million from $2.4 million. These results were after providing for a one-off $0.9 million resolution of our dispute with the vendor of the SVi Group which we acquired in 2002.

Sales revenue was $53.1 million, compared with $58.7 million in 2003; but on a like-for-like basis, after excluding revenue from business activities which have been discontinued, it increased by 9 per cent. Revenue from our proprietary billing software HUB increased by 65 per cent, and we now have a broader revenue base, with less than 8 per cent of our business coming from any one customer. Together with the growth in annuity revenue from long-term contracts, this change has improved the consistency of our profit performance and helps us to forecast the future with greater accuracy.

In view of Hansen's positive cash flow and largely debt-free balance sheet, and the strong prospects for HUB, directors declared a fully franked dividend of 1.0 cent per share which shareholders received in September.

The restructuring of our operations over the past two years has reduced operating expenses by $10 million per annum and working capital improved by $3.8 million. HUB's amortisation period has been extended from three to five years, reflecting increased customer demand, and this has reduced the

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company's amortisation by $0.8 million. Amortisation of our investment in HUB research and development expensed during the year balanced the research and development costs that were capitalised.

Your board is committed to observing the highest standards of corporate governance in the interests of all stakeholders. Our current practices are outlined in the annual report, and we are working towards compliance with the ASX best practice recommendations in the few areas where we do not already comply.

I am very pleased to welcome Richard Alston to his first Hansen annual general meeting. As the former Federal Minister for Communications, IT and the Arts, Richard brings to the company a wealth of industry knowledge and market deregulation experience that will help us to exploit new global opportunities. He joined our board in July and will stand for election as a director later in the meeting.

HUB has a growing international reputation, and Hansen is well positioned to take advantage of increasing deregulation of utilities markets around the world. The recent increase in the company's share price indicates that the investment market is beginning to appreciate this potential.

Looking ahead, we expect revenue for the first half of the current year to be higher than for the first half of last year, and this, combined with our lower cost base, should translate into improved earnings.

I would like to thank you for your continuing support and will now ask our managing director, Andrew Hansen, to provide a more detailed commentary on our performance in 2004.

Managing Director's Address

As the chairman has reported, we made substantial progress last year. We achieved our goals of returning to profit and positive cash flow, completing the restructure that focused and aligned our business to its core competency.

We have continued to consolidate our position as the Australian market leader for billing systems, with sales to Alinta Gas Networks, Community Telco Australia and other customers. Importantly for our future as an Australian company, we demonstrated the international potential of our HUB billing system through a strategic sale to Scottish Power and agreements with distributors to market and support the HUB system through Asia.

Our billing systems business achieved sales of $24.4 million. A true measure of our progress was the 65 per cent increase in revenue from HUB through new contracts in Australia, Europe and Japan, as well as additional work with existing customers.

The initial investment in HUB is nearing completion and, while we continue to tailor it to meet specific regional needs, our focus is now on marketing and

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building future earnings. We feel proud that HUB is widely accepted as a world-class billing solution for utilities markets. Customers are attracted by its flexible, modular design. HUB's ability to rate and price for different utilities and products and its web-based functionality are significant competitive advantages as markets open up to deregulation and competition.

In the energy sector, HUB is used by both retail and network distribution businesses. Our contract with Alinta Gas Networks, initially worth $4.2 million, was to supply, implement and maintain a network management information system. HUB supplies the network functions of meter and consumption data management, network billing, market settlement and market obligations reporting, and also provides a gateway for Alinta's interaction with the Western Australian contestable gas network operator.

In Europe, HUB was selected by Scottish Power to support its commercial customer care and billing operations. Scottish Power serves more than five million homes and businesses in the UK and is one of the largest power generators in the USA. This initial project will help unify Scottish Power's customer base by providing one integrated billing system to support its industrial and commercial customers. This initial $5 million contract was won against strong international competition and validates the HUB technology in the European market.

We signed a memorandum of understanding with Toshiba Solutions Corporation in May to distribute HUB in Japan. Together we have developed a Japanese language version of HUB. Licences and associated income in Japan contributed more than $1 million of revenue in 2004. The Japanese energy market will be deregulating over two years from April 2005, and we are leveraging Toshiba's strong market position to promote HUB to the 32 companies that will compete for electricity customers. We expect to achieve our first HUB customer in this market shortly.

We are also exploring other utilities markets in Asia, particularly India and Thailand, with well-credentialed local partners.

In the telecommunications sector, HUB's functional depth, flexibility and operational stability, and HubFM's managed billing service, are of increasing interest to resellers which find their systems are inadequate to handle growing volumes. At the same time, our competitive position has strengthened due to a reduction in the number of software companies offering billing solutions.

In the current year, we have signed a ten-year contract to provide Community Telco Australia, an initiative of Bendigo Bank, with wholesale and retail billing and customer care systems. Its value is expected to be over $5 million and follows HUB's selection to provide billing systems for Community Telco's local and long distance fixed line, internet and mobile services.

We are also focusing on the market for billing systems among regional telecommunications companies in North America, and so far have achieved our first two sales.

Revenue from our outsourcing and facilities management business was $22.4 million.

All major contracts re-tendered during the year were renewed, with five year extensions to our managed services contracts with Australian Central Credit Union and Illawarra Credit Union. A new six year contract was signed with Land Victoria to provide an on-line land titles system, and we secured a managed services contract with Australian Hardboards.

While the outsourcing market remains challenging for the whole IT sector and we too have experienced some pressure on pricing, our business comprises a recurring revenue stream that can be expected to increase as we grow our services to our existing customers.

Our other businesses that we identified as "core competency" – AssetLife and CLASSIC – all made progress during the year.

Last week we finalised an agreement with Vision Super for distribution of the CLASSIC superannuation administration software. Hansen has been involved in the development and support of this application for 14 years. As part of our core competency focus we feel that an opportunity to commercialise this service has emerged. We are optimistic that with CLASSIC's unique points of differentiation there will be a solid demand for this product.

Revenue from AssetLife, which assists organisations to manage their infrastructure and other assets strategically over their life cycle, was higher that anticipated. This was due mainly to a new contract with a Victorian water authority which will realise significant revenue over the next two years. A new "Works and Maintenance management" module has been developed. We are now investigating further sales opportunities in Australia and the overseas.

In July 2003, we renewed a three year, $3 million contract with Telecom New Zealand to upgrade and maintain a new version of ResourcePro, which facilitates automated staff scheduling, forecasting and management reporting.

To sum up, Hansen Technologies has accomplished a great deal over the last two years. Three years ago 67% of our Revenue came from just 3 customers. Today no one customer represents more than 8% of our Revenue. The group is now more robust, with a business model which provides a high level of annuity Revenue from a broader range of customers, and a stable foundation for future growth.

Our cash flow is positive, our cost base has been reduced and we have a growing pipeline of new business prospects. We also have excellent reference sites from our new implementations.

We are on track to achieve our targeted objectives for the Fiscal 2005 year. We continue to forecast that there will be improvements in Revenue and EBITDA this year compared with the same period last year. When financial measurements are normalised to take account of the business activities, that have reached the end of their scheduled life, we are achieving solid organic Revenue and EBITDA growth.

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Our Business continues to be effectively debt free and operationally cash flow positive.

Your company is well positioned to build on its solid foundation in Australia and deliver new sales Revenue from both existing as well as new customers. As more countries deregulate their utilities sectors and introduce retail contestability the opportunities to increase our international market share are significant.

We are looking forward with growing confidence and cautious optimism.

May I conclude by offering on behalf of the Board and Management, our appreciation to all staff on their commitment to our Company and their contribution to achieving the strong turnaround in performance. Thank you for your efforts and I look forward to a continued improvement in operating results.

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About Hansen

Hansen Technologies Limited is a leading provider of proprietary billing solutions and IT outsourcing services. Its flagship HUB billing software has application across the Telecommunication, Electricity, Gas and Water industries. HUB is increasingly providing the solution to the needs of energy companies as the push towards utility market deregulation expands. Hansen also provide facilities managed and outsourcing services from its purpose-built data centres located in Melbourne and Sydney. Founded in 1971, Hansen has offices in Australia, the United Kingdom, the United States and New Zealand.

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