WISETECH GLOBAL PTY LIMITED AND CONTROLLED ENTITIES

ABN: 41065894724

Financial Report For The Year Ended 30 June 2014

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WISETECH GLOBAL PTY LIMITED AND CONTROLLED ENTITIES
DIRECTORS' REPORT

The directors present their report together with the consolidated financial statements of the Group comprising of WISETECH GLOBAL PTY LIMITED, and its controlled entities for the financial year ended 30 June 2014 and the auditor's report thereon.

1 Directors

The following persons were directors of WiseTech Global Pty Limited during or since the end of the financial year up to the date of this report:

Name
Charles Llewelyn Gibbon
Non-Executive Director and Chairperson

Michael John Gregg
Non-Executive Director

Maree McDonald Isaacs
Executive Director

Richard John White
Chief Executive Officer and Founder

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2 Company secretary

Ms Maree McDonald Isaacs was appointed to the position of company secretary in Octcber 1994. Mr Adam David Kossak was appointed to the position of company secretary in November 2010. Mr John William Vassar was appointed to the position of company secretary in May 2010.

3 Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	**B**	**A**	**B**	**A**	**B**
Mr C L Gibbon	11	11	2	2	-	-
Mr M J Gregg	11	11	-	-	2	2
Ms M M Isaacs	11	11	2	2	-	-
Mr R J White	11	11	-	-	2	2

A - Number of meetings attended **B** - Number of meetings held during the time the director held office during the year

4 Principal activities

The principal activities of the Group during the financial year were the development, sale and implementation of packaged software for logistics service providers, including freight forwarders, customs brokers, containerised freight stations, ships agents, warehouses, cartage, and hosting services.

In January 2014, the Group sold the eHealthWise division. The Group was committed to a plan to sell this division due to a strategic decision to focus on the logistics market.

There were no other significant changes in the nature of the activities of the Group during the year.

5 Operating and financial review

Total Group turnover including gains on disposal, finance and other income was $60,403,273 for the year, representing an increase of 34.9% on $44,763,533 in the previous year. The reconciliation of Group Turnover by Continuing and Discontinued Operations is presented in the table below.

Group Turnover (including gains, finance and other income)	**2014**	**2013**
Continuing operations		
Revenue	56,295,832	42,958,907
Other income	380,140	57,712
Total revenue and other income from continuing operations	**56,675,972**	**43,016,619**
Revenue from discontinued operations	725,114	1,422,465
Total revenue and other income	**57,401,086**	**44,439,084**
Finance income	417,002	324,449
Gain on sale of discontinued operations	2,585,185	-
Total turnover (including gains, finance and other income)	**60,403,273**	**44,763,533**

The recurring revenue model with On Demand Monthly License billings ("ODPL") has now been in place for six years. During the year, the company started to migrate older One-Time License ("OTL") customers towards the new Seat Plus Transaction ("STL") license model. As part of this process, a hybrid license version was introduced, which added the flexibility of the On Demand licensing to the older OTL model. This change has contributed to the growth of the business during the year by increasing the ease with which customers can manage their demand and deploy new licenses and new locations.

The profit of the Group for the financial year after providing for income tax amounted to $11,872,376 (2013: $4,049,487), a year on year increase of 193.2%. This includes a net profit on the sale of eHealthWise division of $1,860,397.

6 Dividends

Dividends paid or declared by the Company to shareholders since the end of the previous financial year were:

Declared and paid during the year 2014	**Cents per share**	**Total amount $**	**Date of payment**
Interim 2013 ordinary	0.83	955,332	15 January 2014
Final 2013 ordinary	0.83	1,010,739	31 March 2014
Total amount		1,966,071	

7 Events subsequent to reporting period

Subsequent to the year-end, the Board of directors has declared a full and final dividend for FY 2014 of 0.84 cents per share to be paid in two equal payments.

Other than the event disclosed above, there has not arisen in the interval between the end of the final year and the date of this report any item, transaction or event of a material and unusual nature, likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

8 Likely developments

The Group will continue to pursue its migration of OTL customers towards the STL model. The Directors are not aware of any significant changes in the activities of the Company or the Group in the next financial year.

9 Environmental regulation

The Group's operations are not subject to any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

10 Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made relevant agreements for indemnifying against a liability of any person who is or has been an officer or auditor of the Company.

Insurance premiums

During the financial year, the Company paid a premium under a contract insuring each of certain officers of the consolidated entity against liability incurred in that capacity.

The consolidated entity officers consist of the Directors of the Company named earlier in this Report, the Company Secretary and other officers of the consolidated entity, including certain Excluded Officers whose functions include the management of operations, financial management, strategic development, risk management and human resources management of the consolidated entity and its related parties. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

11 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the directors' report for the year ended 30 June 2014.

Signed in accordance with a resolution of the Board of Directors:

Richard John White
Director

Charles Llewelyn Gibbon
Director

Dated this Tuesday, 21 October 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of WiseTech Global Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli
Partner

Sydney

21 October 2014

WISETECH GLOBAL PTY LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 Restated[1] $
Continuing operations			
Recurring monthly and annual software usage revenue	6	53,801,781	37,346,926
Professional services and other license revenue	6	2,494,051	5,611,981
Other Income	6	380,140	57,712
Total Income	6	**56,675,972**	**43,016,619**
Cost of revenues		(8,529,119)	(7,738,234)
Gross profit		**48,146,853**	**35,278,385**
Operating expenses			
Product design and development		(17,084,114)	(15,945,326)
Sales and marketing		(9,043,166)	(8,155,291)
General and administration		(8,090,151)	(6,047,847)
Total operating expenses		**(34,217,431)**	**(30,148,464)**
Operating profit		**13,929,422**	**5,129,921**
Finance income		417,002	324,449
Finance costs		(642,732)	(710,152)
Net finance costs	7	**(225,730)**	**(385,703)**
Profit before income tax		**13,703,692**	**4,744,218**
Tax expense	8	(3,691,713)	(1,099,030)
Net profit from continuing operations		**10,011,979**	**3,645,188**
Discontinued operations			
Revenue from discontinued operations	30	725,114	1,422,465
Gain on sale of discontinued operations	30	2,585,185	-
Expenses from discontinued operations	30	(677,373)	(864,627)
Tax from discontinued operations	30	(772,529)	(153,539)
Profit from discontinued operations, net of tax	30	**1,860,397**	**404,299**
Net profit for the year		**11,872,376**	**4,049,487**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(82,231)	217,815
Other comprehensive income for the year		**(82,231)**	**217,815**
Total comprehensive income for the year		**11,790,145**	**4,267,302**

[1] The restatement relates to the change in accounting treatment for stock based compensation, as outlined in note 3 (s).

These financial statements should be read in conjunction with the acccmpanying notes.

WISETECH GLOBAL PTY LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014 $	2013 Restated[1] $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	3,824,089	670,929
Trade and other receivables	13	4,432,515	3,993,148
Other assets	14	3,706,215	1,921,750
TOTAL CURRENT ASSETS		**11,962,819**	**6,585,827**
NON-CURRENT ASSETS			
Property, plant and equipment	15	3,100,635	2,027,787
Intangible assets	16	43,935,882	37,481,528
Other non-current assets	14	66,005	125,593
TOTAL NON-CURRENT ASSETS		**47,102,522**	**39,634,908**
TOTAL ASSETS		**59,065,341**	**46,220,735**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	2,765,412	2,701,264
Borrowings	18	721,675	1,112,365
Current tax liabilities		94,084	-
Provisions	19	2,565,185	2,743,160
Deferred revenue	20	10,230,457	10,275,336
Other liabilities	21	-	1,882,353
TOTAL CURRENT LIABILITIES		**16,376,813**	**18,714,478**
NON-CURRENT LIABILITIES			
Borrowings	18	5,960,858	6,079,962
Deferred tax liabilities	8	7,705,189	3,340,952
Provisions	19	564,475	666,037
Other liabilities	21	-	24,833
TOTAL NON-CURRENT LIABILITIES		**14,230,522**	**10,111,784**
TOTAL LIABILITIES		**30,607,335**	**28,826,262**
NET ASSETS		**28,458,006**	**17,394,473**
EQUITY			
Share capital	23	9,006,482	8,433,104
Reserves		689,368	105,518
Retained earnings		18,762,156	8,855,851
TOTAL EQUITY		**28,458,006**	**17,394,473**

[1] The restatement relates to the change in accounting treatment for stock based compensation, as outlined in note 3 (s).

The accompanying notes form part of these financial statements.

WISETECH GLOBAL PTY LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	Share Capital $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Retained Earnings $	Total $
Balance at 1 July 2012 (restated)[1]		**7,690,477**	**202,429**	**(552,776)**	**6,828,055**	**14,168,185**
Profit attributable to members of the parent entity		-	-	-	4,049,487	4,049,487
Other comprehensive income ('OCI')						
Exchange differences on translating foreign operations		-	-	217,815	-	217,815
Total comprehensive income		**-**	**-**	**217,815**	**4,049,487**	**4,267,302**
Transactions with owners of the Company						
Equity-settled share-based payment		-	980,677	-	-	980,677
Transfer to share capital		742,627	(742,627)	-	-	-
Dividends	11	-	-	-	(2,021,691)	(2,021,691)
Total transactions with owners of the Company		**742,627**	**238,050**	**-**	**(2,021,691)**	**(1,041,014)**
Balance at 30 June 2013		**8,433,104**	**440,479**	**(334,961)**	**8,855,851**	**17,394,473**
Balance at 1 July 2013 (restated)[1]		**8,433,104**	**440,479**	**(334,961)**	**8,855,851**	**17,394,473**
Profit attributable to members of the parent entity		-	-	-	11,872,376	11,872,376
Other comprehensive income ('OCI')						
Exchange differences on translating foreign operations		-	-	(82,231)	-	(82,231)
Total comprehensive income		**-**	**-**	**(82,231)**	**11,872,376**	**11,790,145**
Transactions with owners of the Company						
Equity-settled share-based payment		-	1,239,459	-	-	1,239,459
Transfer to share capital		573,378	(573,378)	-	-	-
Dividends	11	-	-	-	(1,966,071)	(1,966,071)
Total transactions with owners of the Company		**573,378**	**666,081**	**-**	**(1,966,071)**	**(726,612)**
Balance at 30 June 2014		**9,006,482**	**1,106,560**	**(417,192)**	**18,762,156**	**28,458,006**

[1] The restatement relates to the change in accounting treatment for stock based compensation, as outlined in note 3 (s).

The accompanying notes form part of these financial statements.

WISETECH GLOBAL PTY LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		61,575,574	52,931,628
Payments to suppliers and employees		(44,061,006)	(39,206,047)
Interest paid		(525,085)	(558,382)
Income tax refund/(paid)		88,736	(10,373)
Net cash provided by operating activities		**17,078,219**	**13,156,826**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		48,994	23,361
Proceeds from disposal of discontinued operation, net of cash disposed of	30	2,484,309	-
Purchase of property, plant and equipment		(849,602)	(1,006,249)
Payment for intangible assets		(10,030,323)	(7,494,565)
Acquisition for subsidiaries, net of cash acquired	29	(2,000,000)	(10,029,256)
Net cash used in investing activities		**(10,346,622)**	**(18,506,709)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	352,978
Proceeds from borrowings		-	5,935,041
Repayment of finance lease liabilities		(361,944)	-
Repayment of borrowings		(1,250,422)	(3,918,372)
Dividends		(1,966,071)	(2,021,691)
Net cash provided by (used in) financing activities		**(3,578,437)**	**347,956**
Net increase (decrease) in cash held		3,153,160	(5,001,927)
Cash and cash equivalents at beginning of financial year		670,929	5,672,856
Cash and cash equivalents at end of financial year	12	**3,824,089**	**670,929**

The accompanying notes form part of these financial statements.

Note 1 Reporting entity

WiseTech Global Pty Limited (the "Company") is a company domiciled in Australia. The Company's registered office is at Unit 3a, 72, O'Riordan Street, Alexandria, NSW, Australia. The consolidated financial statements comprise the Company and its controlled entities (collectively the "Group" or "WiseTech").

The Group is a for-profit entity and is primarily involved in delivering logistics technology solutions (see Note 5).

Note 2 Basis of preparation

The Group has prepared Tier 1 general purpose financial statements for the first time for the year ended 30 June 2014 for the purpose of providing users and potential users with more detailed information on the results and performance of the Group. In previous periods, the Group prepared Tier 2 general purpose financial statements. Tier 2 general purpose financial statements are unable to claim compliance with IFRS as they do not comply with the disclosure requirements of all accounting standards. As a result of the Group preparing Tier 1 general purpose financial statements for the first time, the Group has applied AASB 1 *First Time Adoption of Australian Accounting Standards,* which did not have a significant effect on the Group's reported financial position, financial performance and cash flows for the prior periods. The application of AASB 1 has not had any effect on the Group's accounting policies in the current period, however, the adjustment for the application of AASB 2 *Share Based Payments* has resulted in restatement of share based payments expense. Further detail is contained in Note 3 (s). In preparing the Group's Tier 1 general purpose financial statements the disclosure requirements of all AASB's, where material, have been satisfied in all periods presented in the financial report.

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards (AASBs) and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements were authorised for issue by the Board of Directors on 21 October 2014.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

WiseTech Global has a current asset deficiency at 30 June 2014 of $4,413,994. This includes deferred revenue of $10,230,457 within current liabilities which relates to upfront cash received for services to be performed over the contract period. The services to be performed relate primarily to maintenance, upgrades and hosting of the software. Such services are expected to be performed using existing resources available to the Group.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the company's functional currency.

Presentation of results

WiseTech Global has elected to change how expenses are presented in the consolidated statement of profit or loss and other comprehensive income from a nature view to a functional view. Expenses are now categorised by cost of revenues, sales and marketing, product design and development, and general and administration, rather than expense types such as raw materials and consumables used, employee benefits, depreciation and amortisation, facilities and equipment and other. The new presentation provides better insight into the company's business model and enables users to better understand the results of the Group, as it is more closely aligned to other major Software as a Service ('SaaS') companies. There is no change to the total reported profit as a result of this change.

For comparative purposes, the classification of expenses by nature is as follows:

	2014	2013 Restated[1]
	$	$
Raw materials and consumables used	1,787,455	647,221
Employee benefits expense	28,392,173	26,671,005
Depreciation and amortisation expense	4,523,055	3,997,157
Facilities and equipment expense	3,243,364	3,237,870
Other expenses	4,800,502	3,333,445
Total cost of revenues and operating expenses	42,746,549	37,886,698

[1] The restatement relates to the change in accounting treatment for stock based compensation, as outlined in note 3 (s).

Note 2 Basis of preparation (continued)

Overhead allocation

The presentation of the Statement of Profit or Loss by function requires certain overhead costs to be allocated to functions. These allocations require management to apply judgement. The costs associated with WiseTech's facilities, internal IT, and non-product related depreciation and amortisation are allocated to each function based on respective headcount.

Cost of revenues

Cost of revenues consists of expenses directly associated with securely hosting WiseTech's services and providing support to customers. Costs include data centre costs, personnel and related costs (including salaries and share-based payments) directly associated with cloud infrastructure and customer support, contracted third party costs, related depreciation and amortisation, and allocated overheads.

Sales and marketing expenses

Sales and marketing expenses consist of personnel and related costs (including salaries, commissions and share-based payments) directly associated with sales and marketing teams, and costs in implementation and configuration of our subscription services. Other costs included are external advertising costs, marketing costs and promotional event costs as well as allocated overheads.

Product design and development expenses

Product design and development expenses consist primarily of personnel and related costs (including salaries, benefits, bonuses and share-based compensation) directly associated with our product design and development employees, as well as allocated overhead. Under International Financial Reporting Standards ("IFRS"), the proportion of product design and development expenses that create a benefit in future periods is capitalisable as an intangible asset and are then amortised to the income statement over the estimated life of the asset created. The amount amortised is included as a product design and development expense.

General and administration expenses

General and administration expenses consist of personnel and related costs (including salaries, bonuses and share-based compensation) for our executive, finance, invoicing, legal, human resources and administration employees. They also include legal, accounting and other professional services fees, insurance premiums, other corporate expenses and allocated overheads.

Note 3 Summary of significant accounting policies

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of WiseTech Global Pty Limited and all of the subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Discontinued operation

A discontinued operation is a component of the Group's business, the operation and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Note 3 Summary of significant accounting policies (continued)

(b) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Recurring monthly software usage revenue

Software usage revenue comprises the recurring monthly fee from customers on On Demand Monthly licenses (ODPL). Customers are invoiced monthly in arrears. Revenue is recognised as the services are provided to the customer. Revenues that are unbilled at year end are recognised in the Statement of Financial Position as unbilled receivables and included in 'Other assets', note 14.

(ii) Recurring annual software usage revenue

Revenue is recognised over time as services are rendered. However, to the extent that the Group has fulfilled all its obligations under the contract, the income is recognised as being earned at the time when all of the Group's obligations under the contract have been fulfilled.

(iii) Professional services revenue

Revenue from a contract to provide consulting and training services is recognised by reference to the percentage of completion of the contract. The percentage of completion of the contract is determined by reference to the proportion of work performed (costs incurred to date) to estimated total work performed (total contract costs). When the percentage of completion cannot be estimated reliably, contract revenue is recognised only to the extent of the contract costs incurred that are likely to be recovered. An expected loss on a contract is recognised immediately in the Statement of Comprehensive Income at inception.

(iv) One time license revenue

Revenue received in advance for software license fees is recognised upfront. The Group is transitioning away from this revenue model and one time licenses are no longer sold to new customers.

(v) Sales of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

(vi) Interest income

Interest income is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(d) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the exchange rate at the reporting date. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities including goodwill and fair value adjustments arising on acquisition are translated at exchange rates prevailing at the end of the reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

Note 3 Summary of significant accounting policies (continued)

(e) Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution superannuation benefits

All obligations for contributions in respect of employees' defined contribution entitlements are recognised as an expense as the related service is provided.

Share based payment transactions

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. These are recognised as an expense, with a corresponding increase in equity through the share-based payment reserve. The number of shares expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(f) Income tax

The income tax expense/(income) for the year comprises current and deferred tax expense/(income). It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or OCI.

Current tax

Current tax comprises the expected payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measure at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(g) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Note 3 Summary of significant accounting policies (continued)

(h) Trade and other receivables (continued)

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 3 (n) for further discussion on the determination of impairment losses.

Unbilled receivables represents the revenue recognised to date but not yet invoiced to the customers due to the timing of the accounting invoicing cycle.

(i) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e., the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at reporting date (i.e., the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of plant and equipment is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain the ownership by the end of the lease term.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	5%-65%
Leasehold improvements	20%

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Note 3 Summary of significant accounting policies (continued)

(l) Intangible assets and goodwill

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred as development projects (relating to the design and testing of new or improved projects) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, service and direct labour. Other development expenditures that do not meet these criteria are recognised as an expense in profit or loss as incurred. Development costs are capitalised under computer software and amortised from the point at which the asset is ready for use.

Computer software

Computer software comprises of computer application system software and licenses. Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to computer software. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related costs.

Intellectual property

Intellectual property (IP) acquired as part of a business combination is recognised separately from goodwill. The IP assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Customer relationships

Customer relationships acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment loss.

Prepaid licenses

Prepaid license costs relate to fees paid to an external provider for future licenses relating to specific components of software.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodies in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives are as follows:
- computer software: 5-10 years
- intellectual property: 3-4 years
- customer relationships: 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument.

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 3 Summary of significant accounting policies (continued)

(ii) Financial liabilities (continued)

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(n) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets not yet available for use.

(o) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(p) Leases

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of lease.

Lease incentives received are recognised as an integral part of the total lease expenses over the lease term.

(q) Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued and vested. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity includes foreign currency translation reserve which comprises foreign currency translation differences arising on the translation of financial statements of the Group's foreign entities into AUD. The share-based payment reserve is used to record the value of equity benefits provided to Directors and employees as part of their remuneration.

Retained earnings includes all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

Note 3 Summary of significant accounting policies (continued)

(r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The adoption of these standards is expected to have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

(s) First time adoption of International Financial Reporting Standards (IFRS)

As stated in note 2, the Group has elected to prepare Tier 1 general purpose financial statements for the first time for the year ended 30 June 2014. In previous periods, the Group prepared Tier 2 general purpose financial statements, which were unable to claim compliance with IFRS because they did not comply with the disclosure requirements of all accounting standards. There were no transitional IFRS adjustments to the Group's opening statement of financial position as a result of it claiming compliance with IFRS in all periods presented in this financial report because the Group has always complied with the recognition and measurement requirements of all accounting standards.

Restatement of opening balances

During the year, the Group restated comparative balances in relation to share-based payments. In prior periods, the share-based payment expense was recognised straight-line over the vesting period notwithstanding the arrangements vesting in instalments over the 3-year vesting period. For the year-ended 30 June 2014, the Group has adjusted this treatment and applied the graded vesting method to conform to AASB 2 *Share-based Payment.* This adjustment had an effect on recognising a greater proportion of share-based payment expense into earlier periods.

The restatement has reduced FY 2013 Consolidated Statement of Profit or Loss and Other Comprehensive Income by $627,698, Consolidated Statement of Financial Position, opening retained earnings by $455,445, FY 2013 balances relating to Key management by $140,281.

(t) New accounting standards adopted

During the 30 June 2014 financial year the Group adopted the following standards: AASB 10 Consolidated Financial Statements; AASB 11 Joint Arrangements; AABS 12 Disclosure of Interests in Other Entities; AASB 13 Fair Value Measurements and AASB 119 Employee Benefits. There was no material impact to the Group upon adoption of these new standards.

Note 4 Critical accounting estimates and judgments

(i) Critical accounting estimates and assumptions

In preparing the Group financial statements, management is required to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. The resulting accounting estimates, which are based on management's best judgment at the date of the Group financial statements, will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below. Revenue recognition is excluded from this summary on the grounds that the policy adopted in this area is sufficiently objective.

Tax

The Group is subject to tax in numerous jurisdictions. Significant judgment is required in determining the related assets or provisions as there are transactions in the ordinary course of business and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact on the results for the year and the respective income tax and deferred tax assets or provisions in the year in which such determination is made. The Group recognises tax assets based on forecasts of future profits against which those assets may be utilised.

Goodwill

The Group tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that goodwill may be impaired. The recoverable amount of the one CGU is determined based on a value in use calculation which requires the use of cash flow projections based on approved financial budgets, and extrapolated over a five year period. The growth rate used do not exceed the long-term average growth rate for the market in which the segment operates. The discount rates used reflect the segment's pre-tax weighted average cost of capital (WACC).

(ii) Critical judgements

Management has made judgments in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the Group financial statements.

The most significant of these judgments is in respect of intangible assets where certain costs incurred in the developmental phase of an internal project are capitalised if a number of criteria are met. Management has made judgements and assumptions when assessing whether a project meets these criteria, and on measuring the costs and economic life attributed to such projects. On acquisition, specific intangible assets are identified and recognised separately from goodwill and then amortised over their estimated useful lives. These include such items as customer contracts to which value is first attributed at the time of acquisition. The capitalisation of these assets and the related amortisation charges are based on judgments about the value and economic life of such items. The economic lives for intangible assets are estimated at between five and ten years for internal projects, which include internal use of software and internally generated software, and between three and ten years for acquisition intangibles. Management has also made judgements and assumptions when assessing the economic life of acquired date, and the pattern of consumption of the economic benefits embodied in the asset.

Note 4 Critical accounting estimates and judgments (continued)

(ii) Critical judgements (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Group does not have any debt securities or derivative financial instruments which require measurement at fair value.

Note 5 Operating segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO (chief operating decision maker or CODM) in assessing performance and in determining the allocation of resources. The Group is managed on the basis of a single segment, being the CargoWise One software product.

Information presented to the CODM on a monthly basis is categorised by type of revenue, on-demand recurring, non-recurring and other. This analysis is presented below.

	2014	2013
Continuing Operations	$	$
On-Demand and Recurring Revenue	53,801,781	37,346,926
Non-Recurring Revenue	2,494,051	5,611,981
Other income and Finance Income	797,142	382,161
Total Continuing Operations	**57,092,974**	**43,341,068**
Discontinued Operations		
Revenue from discontinued operations	725,114	1,422,465
Gain on sale of discontinued operations	2,585,185	-
Total Discontinued Operations	**3,310,299**	**1,422,465**
Total	**60,403,273**	**44,763,533**

The disclosure surrounding the geographical breakdown of revenue is not provided as the necessary information is not available due to the specific nature of the Group's customers, their distributed locations, the ability of customers to use licenses across various geographies and the difficultly of determining where those licenses are consumed and the fact that international freight and logistics movements are inherently occurring across multiple geographies. The CargoWise software makes that movement possible from the origin, destination, a third locale or any combination of those locales.

There are no customers contributing greater than 10% of revenue.

Segment assets are presented based on the geographic location of the assets. The majority of the Group's non-current assets are located in Australia.

	2014	2013
	$	$
Australia	46,478,637	39,299,216
Other Countries	623,885	335,692
Total Non-Current Assets	**47,102,522**	**39,634,908**

Note 6 Revenue

	Continuing operation		Discontinued operation		Total	
	2014	2013	2014	2013	2014	2013
Revenue and Other Income	$	$	$	$	$	$
Sales revenue						
-Recurring monthly and annual software usage revenue	53,801,781	37,346,926	725,114	1,422,465	54,526,895	38,769,391
-Professional services and other license revenue	2,494,051	5,611,981	-	-	2,494,051	5,611,981
Total revenue	56,295,832	42,958,907	725,114	1,422,465	57,020,946	44,381,372

Note 6 Revenue (continued)

Other income						
-Gain on disposal of property, plant and equipment	13,475	-	-	-	13,475	-
-Other income	366,665	57,712	-	-	366,665	57,712
Total other income	380,140	57,712	-	-	380,140	57,712
Total revenue and other income	56,675,972	43,016,619	725,114	1,422,465	57,401,086	44,439,084

Note 7 Net finance cost

	2014 $	2013 $
Interest income	48,994	20,772
Net foreign exchange gain	368,008	303,677
Finance income	417,002	324,449
Interest expense	(642,732)	(710,152)
Finance costs	(642,732)	(710,152)
Net finance costs recognised in profit or loss	(225,730)	(385,703)

Note 8 Income taxes

	2014 $	2013 $
(a) The components of tax expense/(income) comprise:		
Current tax	163,345	-
Deferred tax	3,582,411	763,570
Adjustment for prior years	(54,043)	-
Other	-	335,460
Tax expense from continuing operations	3,691,713	1,099,030

Tax expense from continuing operations excluded the tax expense from the discontinued operation of $108,309 (2013: $153,539) and the tax expense on the gain on sale of the discontinued operation of $664,220 (2013: nil); both of these were included in 'profit (loss) from discontinued operation, net of tax' (see Note 30).

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	$	$
Profit before tax from continuing operations	13,703,692	4,744,218
Tax using the company's domestic tax rate (30%)	4,111,108	1,423,265
Add:		
Tax effect of:		
— non-deductible depreciation and amortisation	181,168	218,659
— non-deductible expenses	18,973	10,429
— share-based payment expense	(35,624)	210,308
— under provision for income tax in prior year	232,418	-
	4,508,043	1,862,661
Less:		
Tax effect of:		
— different tax rates in overseas jurisdictions	26,630	-
— Research and development	500,275	679,551
— Deferred tax adjustments	241,732	-
— Other	47,693	84,080
Income tax attributable to entity	3,691,713	1,099,030

(c) Movement in deferred tax balances

	Opening Balance $	Charged to Continuing Operations $	Charged to Discontinued Operations $	Charged to Goodwill $	Exchange Differences $	Closing Balance $
2014						
Software development costs	5,651,724	2,213,099	-	-	-	7,864,823
Customer relationships	1,341,469	(147,614)	-	-	-	1,193,855
Provisions	(890,130)	(162,306)	33,826	-	(97)	(1,018,707)
R&D rebate carried forward	(1,518,877)	819,045	597,744	-	-	(102,088)
Future income tax benefits attributable to tax losses	(773,724)	445,591	140,959	-	-	(187,174)
Other	(469,510)	414,596	-	-	9,394	(45,520)
Net tax liabilities (assets)	3,340,952	3,582,411	772,529	-	9,297	7,705,189

Note 8 Income taxes (continued)

(c) Movement in deferred tax balances (continued)

2013						
Software development costs	4,139,312	1,512,412	-	-	-	5,651,724
Customer relationships	-	(150,851)	-	1,492,320	-	1,341,469
Provisions	(607,782)	6,819	(16,245)	(272,922)	-	(890,130)
Deferred revenue	(1,387,532)	1,357,476	30,056	-	-	-
R&D rebate carried forward	-	(1,658,605)	139,728	-	-	(1,518,877)
Future income tax benefits attributable to tax losses	(773,724)	-	-	-	-	(773,724)
Other	(165,829)	(303,681)	-	-	-	(469,510)
Net tax liabilities (assets)	1,204,445	763,570	153,539	1,219,398	-	3,340,952

All deferred tax assets for deductible temporary differences and unused tax losses have been brought to account in 2014 and 2013.

Note 9 Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and include the Directors, executive and non-executive, and certain other senior executives.

(i) Key management personnel compensation

The totals of remuneration of the Key Management Personnel of the company and the Group included within employee expenses are as follows:

	2014 $	2013 Restated[1] $
Short-term employee benefits	2,700,943	1,754,322
Post-employment benefits	343,954	141,070
Other long term benefits	31,123	71,202
Share-based payments	99,444	199,719
Total KMP compensation	3,175,464	2,166,313

Short-term employee benefits

– these amounts include fees and benefits paid to the executive directors and other key management personnel as well as all salary, fringe benefits and cash bonuses awarded to non-executive chair and non-executive director.

Post-employment benefits

– these amounts are the current year's estimated cost of superannuation contributions made during the year.

Other long-term benefits

– these amounts represent long service leave and annual leave benefits accruing during the year.

Share-based payments

– these amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the shares granted on grant date.

(ii) Key management personnel transactions

Directors of the Company control 84% of the voting shares of the Company. A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follow.

		Transaction values for the year ended 30 June		**Balance outstanding as at 30 June**	
Director	Transactions	2014	2013	2014	2013
RJ White	Company apartment rent *	147,087	124,567	-	-
RJ White	US office fit out and related costs **	105,427	-	90,675	-

* The Group entered various apartment leases with Real Tech Systems Integration Pty Ltd, a company controlled by Mr RJ White. Amounts were billed based on normal market rates for such leases and were due and payable under normal payment terms.

** The Group incurred various expenses related to the fit out of the new US office in a building owned by RealWise Inc, a company controlled by Mr. RJ White. The expenses are recharged in full to RealWise Inc on a monthly basis.

(iii) Loans from directors

In the prior year, there were loans of $500,000 from directors to the Group. The interest rate was determined on an arm's length basis and the loans were repaid in the current year.

[1] The restatement relates to the change in accounting treatment for stock based compensation, as outlined in note 3 (s).

Note 10 Auditors' remuneration

	2014 $	2013 $
Audit and review services		
KPMG Australia:		
Audit and review of the financial reports	136,000	-
Grant Thornton Australia:		
Audit and review of the financial reports	-	143,500
KPMG overseas offices:		
Audit of statutory financial reports	75,000	-
Grant Thornton overseas offices:		
Audit of statutory financial reports	-	76,000
	211,000	219,500
Other services		
KPMG Australia:		
Other assurance services	14,694	-
Grant Thornton Australia:		
Taxation services	103,829	11,000
	118,523	11,000

Note 11 Dividends

	2014 $	2013 $
(a) The following dividends were declared and paid by the Company for the year.		
Declared fully franked ordinary dividend of $0.84 cents (2013: $0.83 cents)	1,966,071	2,021,691
	1,966,071	2,021,691

The directors have declared a fully franked final FY 2014 dividend of 0.84 cents per share. As the final dividend was not declared or resolved to be paid by the Board of directors as at 30 June 2014, the dividend has not been provided for in the consolidated statement of financial position. The dividend has record dates of 15 September 2014 and 16 March 2015 and will be paid on 30 September 2014 and 31 March 2015.

(b) Balance of franking account at year end	454,464	1,320,266

Note 12 Cash and cash equivalents

	2014 $	2013 $
Cash at bank and on hand	3,817,039	667,831
Short-term bank deposits	7,050	6,366
Cash and cash equivalents	3,824,089	674,197
Bank overdrafts used for cash management purposes	-	(3,268)
Cash and cash equivalents in the statement of cash flows	3,824,089	670,929

The effective interest rate on short-term bank deposits was 2.92% (2013: 2.85%)

Note 13 Trade and other receivables

	2014 $	2013 $
CURRENT		
Trade receivables	4,363,177	3,868,554
Provision for impairment	(52,986)	(37,846)
Deposit	122,324	162,440
Total current trade and other receivables	4,432,515	3,993,148

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The Group does not hold any collateral as security over any receivable balance, nor does it hold any restrictions of title.

Note 14 Other assets

	2014 $	2013 $
CURRENT		
Unbilled receivables	2,986,109	1,340,081
Prepayments	464,731	580,942
Other	255,375	727
Total	3,706,215	1,921,750
NON-CURRENT		
Other	66,005	125,593
Total	66,005	125,593

Note 15 Property, plant and equipment

	2014 $	2013 $
Plant and equipment		
At cost	5,191,389	3,834,235
Accumulated depreciation	(3,384,164)	(2,615,404)
Total plant and equipment	1,807,225	1,218,831
Leasehold improvements		
At cost	1,610,575	997,560
Accumulated amortisation	(317,165)	(188,604)
Total leasehold improvements	1,293,410	808,956
Total property, plant and equipment	3,100,635	2,027,787

Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold Improvements $	Plant and Equipment $	Leasehold Improvements in Progress $	Total $
Balance at 1 July 2012	885,350	694,301	-	1,579,651
Additions	34,584	1,223,689	-	1,258,273
Disposals	-	(243,063)	-	(243,063)
Depreciation expense	(110,978)	(456,096)	-	(567,074)
Balance at 30 June 2013	808,956	1,218,831	-	2,027,787
Balance at 1 July 2013	808,956	1,218,831	-	2,027,787
Additions	566,551	1,424,481	46,464	2,037,496
Disposals	-	(15,990)	-	(15,990)
Depreciation expense	(128,561)	(820,097)	-	(948,658)
Balance at 30 June 2014	1,246,946	1,807,225	46,464	3,100,635

Note 16 Intangible assets

	2014 $	2013 $
Prepaid Licenses		
Cost	1,493,879	940,208
Net carrying amount	1,493,879	940,208
Goodwill		
Cost	11,054,548	11,103,855
Accumulated impaired losses	(63,383)	(63,383)
Net carrying amount	10,991,165	11,040,472
Development costs (WIP)		
Cost	9,551,197	4,941,608
Net carrying amount	9,551,197	4,941,608
Computer software		
Cost	22,100,800	17,199,625
Accumulated amortisation and impairment	(5,435,921)	(3,294,181)
Net carrying amount	16,664,879	13,905,444
Intellectual property		
Cost	6,737,723	7,112,643
Accumulated amortisation and impairment	(5,482,481)	(4,930,412)
Net carrying amount	1,255,242	2,182,231
Customer relationships		
Cost	4,974,400	4,974,400
Accumulated amortisation and impairment	(994,880)	(502,835)
Net carrying amount	3,979,520	4,471,565
Total intangibles	43,935,882	37,481,528

Note 16 Intangible assets (continued)

Movements in Carrying Amounts

	Prepaid Licenses $	Goodwill $	Development Costs (WIP) $	Computer Software $	Intellectual Property $	Customer Relationships $	Total $
Year ended 30 June 2013							
Balance at the beginning of the year	485,933	864,114	1,453,976	12,352,750	1,936,649	-	17,093,422
Additions	454,275	10,176,358	7,040,290	-	1,302,700	4,974,400	23,948,023
Transfers	-	-	(3,552,658)	3,552,658	-	-	-
Disposals	-	-	-	-	-	-	-
Amortisation charge	-	-	-	(1,999,964)	(1,057,118)	(502,835)	(3,559,917)
	940,208	11,040,472	4,941,608	13,905,444	2,182,231	4,471,565	37,481,528
Year ended 30 June 2014							
Balance at the beginning of the year	940,208	11,040,472	4,941,608	13,905,444	2,182,231	4,471,565	37,481,528
Additions	553,671	-	9,525,959		-	-	10,079,630
Transfers	-	-	(4,916,370)	4,916,370	-	-	-
Disposals	-	(49,307)	-	-	-	-	(49,307)
Amortisation charge	-	-	-	(2,156,935)	(926,989)	(492,045)	(3,575,969)
Closing balance at 30 June 2014	1,493,879	10,991,165	9,551,197	16,664,879	1,255,242	3,979,520	43,935,882

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss and other comprehensive income. Goodwill has an indefinite useful life.

Research and development expenditure

The aggregate amount of research and development expenditure recognised as expense during the year was $19,520,753 (2013:$16,962,641).

Impairment testing for cash-generating units containing goodwill

At June 30, 2014, the Consolidated Entity is managed as one collective group, which reflects the lowest level of management of the groups of assets and the synergies of the business groupings. The CGU group is consistent with the operating segment of the Consolidated Entity at 30 June 2014.

The recoverable amount of a CGU group is assessed using calculation methodology based on value-in-use calculation. The recoverable amount methodologies and assumptions for the CGU group have remained materially consistent with those applied as at 30 June 2013.

Key assumptions used in the value-in-use approach to test for impairment relate to the discount rate and the medium-term and long-term growth rates applied to projected cash flows. No impairment was noted in the current year.

Projected cash flows

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual growth rate, consistent with the assumption that a market participant would make.

Discount rate

The discount rate was a post-tax measure estimated based on the historical industry average weighted –average cost of capital, with adjustments to reflect the current view on the appropriate debt-equity ratio and risks inherent in assessing future cash flows.

Growth rate

A growth rate of 15% (30 June 2013: 18-27%) has been applied to the first five years of cash flows. The five years of cash flows are discounted to present value. The growth rate is based on analysis of organic growth expectations and industry growth rates.

Long-term growth rate into perpetuity

Long-term growth rates of 2.5% (30 June 2013: 2.5%) are used into perpetuity, based on expected long-range growth rates for the industry.

Key assumptions used for value-in-use calculations

These assumptions are as follows:

Post-tax discount rate		Long-term perpetuity growth rate	
2014	2013	2014	2013
10.6%	10.0%	2.5%	2.5%

Note 17 Trade and other payables

	2014 $	2013 $
CURRENT		
Trade payables	887,089	920,269
Sundry payables and accrued expenses	1,878,323	1,780,995
	2,765,412	2,701,264

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Note 18 Borrowings

	2014 $	2013 $
CURRENT		
Bank overdraft	-	250,421
Finance lease liability	721,675	361,944
Bank loans	-	500,000
Total current borrowings	721,675	1,112,365
NON-CURRENT		
Finance lease liability	960,858	579,962
Related party loan	-	500,000
Bank loans	5,000,000	5,000,000
Total non-current borrowings	5,960,858	6,079,962
Total borrowings	6,682,533	7,192,327

Bank loans, overdraft and equipment facilities
Bank loans, overdraft and equipment facilities have been provided by St George Bank, a division of Westpac Banking Corporation.

The Group was compliant will the bank covenants as at June 30, 2014.

Terms and repayment schedule
The terms and conditions of outstanding loans are as follows.

				30 June 2014		30 June 2013	
	Currency	Nominal Interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Bank overdraft	AUD	2.85%	2014	-	-	250,421	250,421
Related party loan	AUD	10.30%	2014	-	-	500,000	500,000
Finance lease liability	AUD	4.71%	2017	1,682,533	1,682,533	941,906	941,906
Secured bank loan	AUD	6.53%	2017	5,000,000	5,000,000	5,500,000	5,500,000
Total interest-bearing liabilities				6,682,533	6,682,533	7,192,327	7,192,327

Bank bills are secured by fixed and floating charges over the whole of the Company assets including goodwill and uncalled capital.

Note 19 Provisions

	2014	2013
Employee benefits	$	$
Balance at 1 July	3,409,197	2,182,132
Provisions made during the year	1,176,995	2,271,256
Provisions used during the year	(1,418,314)	(1,044,191)
Provisions reversed during the year	(38,218)	-
Balance at 30 June	**3,129,660**	**3,409,197**
Current	2,565,185	2,743,160
Non-current	564,475	666,037
	3,129,660	**3,409,197**

	2014 $	2013 $
Employee benefits expense		
- Defined contribution superannuation expense	1,975,989	1,703,385

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

The probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 3(e).

Note 20 Deferred revenue

	2014 $	2013 $
Current		
Deferred revenue	10,230,457	10,275,336

Note 21 Other liabilities

	2014 $	2013 $
Current		
Deferred consideration	-	1,882,353
Non-current		
Other payables	-	24,833
Total non-current liabilities	-	24,833

Note 22 Capital and leasing commitments

(a) Finance lease liabilities

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
— not later than 12 months	729,027	423,114	7,352	-	721,675	423,114
— between 12 months and five years	980,626	706,094	19,768	25,520	960,858	680,574
— later than five years	-	-	-	-	-	-
	1,709,653	1,129,208	27,120	25,520	1,682,533	1,103,688

Finance leases for computer equipment, motor vehicles and leasehold improvements are for a period of 3 years. The leases are non-cancellable but do not contain any further restrictions.

	2014	2013
(b) Operating lease commitments	$	$
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	1,812,233	2,054,069
— between 12 months and five years	1,163,483	2,730,523
— later than five years	-	-
	2,975,716	4,784,592

The operating leases are for the group's premises and computer equipment for periods of 1 to 5 years.

Note 23 Share capital and reserve

	2014 $	2013 $
240,701,932 (2013: 239,900,499) fully paid ordinary shares	9,006,482	8,433,104

The company has issued share capital amounting to 240,701,932 ordinary shares.

(a) Ordinary shares	2014 No.	2013 No.
At the beginning of the reporting period	239,900,499	239,666,739
Shares issued during the year		
— 20/08/2012	-	13,464
— 7/11/2012	-	103,788
— 20/12/2012	-	22,957
— 23/01/2013	-	16,556
— 24/01/2013	-	37,528
— 5/03/2013	-	6,357
— 15/03/2013	-	6,622
— 20/03/2013	-	22,074
— 15/04/2013	-	1,103
— 7/05/2013	-	3,311
— 20/08/2013	10,817	-
— 25/11/2013	34,920	-
— 31/12/2013	281,223	-
— 31/12/2013	235,921	-
— 31/12/2013	175,328	-
— 23/06/2014	63,224	-
At the end of the reporting period	240,701,932	239,900,499

Note 23 Share capital and reserve (continued)

(a) Ordinary shares (continued)

The Company has 240,701,932 (2013: 239,900,499) ordinary shares in issue at reporting date.

Shares during the year have been issued as a result of the Group's share-based payment scheme, and the value of $9,006,482 (2013: $8,433,104) in share capital represents the value of issued and vested shares.

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The total share-based payment expense for the year was $1,239,459 (2013:$980,677).

The company does not have a par value in respect of its issued shares.

(b) Nature and purpose of reserves

(i) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(ii) Share-based payment reserve

The Group introduced on 6 September 2011 a share based payment scheme through the WiseTech Global employee share trust ('EST') as a mechanism to reward selected employees with shares in the Company as part of their total remuneration package. Employees are entitled to up to a value of shares stipulated in the annual performance summary. A valuation of the Company is subsequently performed to determine the number of shares granted to the employee.

The shares generally vest over a period of three years. If the individual is still employed by the Group on each vesting date, the employee is given a non-recourse loan by the Trust which is used to purchase the equivalent number of trust units.

The share-based payment reserve represents the value of unvested shares and unissued shares as part of the share-based payment scheme. As the shares

(c) Capital management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio remains between 0% and 35%. The gearing ratios for the year ended 30 June 2014 and 30 June 2013 are as follows:

	Note	2014 $	2013 $
Total borrowings	18	6,682,533	7,192,327
Less cash and cash equivalents	12	(3,824,089)	(670,929)
Net debt		2,858,444	6,521,398
Total equity		28,458,006	17,394,473
Total capital		31,316,450	23,915,871
Gearing ratio		9%	27%

The Company does not have authorised capital or par value in respect of its issued shares.

Note 24 Cash flow

	2014 $	2013 $
Reconciliation of Cash Flow from Operating Activities with Profit after Income Tax		
Profit after income tax	11,872,376	4,049,487
Non-cash items:		
- Depreciation	948,658	567,074
- Amortisation	3,575,969	3,559,917
- Net finance costs	225,730	-
- Gain on disposal	(13,475)	243,063
- Movement in foreign exchange reserve	(82,231)	217,815
- Gain on sale of discontinued operation	(2,585,185)	-
- Share based payment expense	1,239,459	-
- Unwinding of deferred consideration	(117,647)	-

Note 24 Cash flow (continued)

Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (Increase)/decrease in trade and term debtors	(439,367)	2,300,153
- (Increase) in other assets	(1,724,876)	(780,734)
- (Increase) in investments	-	(458,074)
- Increase/(decrease) in payables	69,023	(645,408)
- Increase in current tax liabilities	188,741	-
- Increase in deferred taxes payable	4,364,237	1,712,731
- (Decrease) in other liabilities	(24,833)	(328,901)
- (Decrease/increase in deferred revenue	(44,881)	1,174,223
- (Decrease)/increase in provisions	(373,479)	1,545,480
Cash flow from operating activities	17,078,219	13,156,826

Note 25 Subsequent events

Subsequent to the year-end, the directors have declared a fully franked final FY 2014 dividend of 0.84 cents per share. As the final dividend was not declared or resolved to be paid by the Board of directors as at 30 June 2014, the dividend has not been provided for in the consolidated statement of financial position. The dividend has record dates of 15 September 2014 and 16 March 2015 and will be paid on 30 September 2014 and 31 March 2015.

Other than the event disclosed above, there has not arisen in the interval between the end of the final year and the date of this report any item, transaction or event of a material and unusual nature, likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Note 26 Contingent assets and contingent liabilities

There were no contingent liabilities that have been incurred by the Group in relation to 2014 or 2013.

Note 27 Parent entity information

As at, and throughout, the financial year ending 30 June 2014 the parent entity of the Group was WiseTech Global Pty Limited.

	2014	2013
	$	$
Result of parent entity		
Profit for the year	11,879,327	6,554,163
Other comprehensive income	-	-
Total comprehensive income for the year	11,879,327	6,554,163
Financial position of parent entity at year end		
Current assets	2,849,883	221,068
Total assets	56,553,248	36,566,798
Current liabilities	4,264,035	6,014,837
Total liabilities	18,695,173	10,944,584
Total equity of parent entity comprising of:		
Share capital	9,006,482	8,433,104
Reserves	1,106,560	440,479
Retained earnings	27,745,033	16,748,631
Total equity	37,858,075	25,622,214

(a) Parent entity contingent liabilities
There were no contingent liabilities that have been incurred by the Group in relation to 2014 or 2013.

(b) Parent entity capital commitments for acquisition of property, plant and equipment
The parent entity has no capital commitments at 30 June 2014 (2013: $Nil).

(c) Parent entity guarantees in respect of the debts of its subsidiaries
The parent entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at year end.

Note 28 Controlled entities

	Country of Incorporation	Percentage Owned (%) 2014	2013
Parent entity			
WiseTech Global Pty Limited	Australia		
Subsidiaries			
WiseTech Global Trading Pty Ltd	Australia	100	100
- WiseTech Global (Australia) Pty Ltd	Australia	100	100
- WiseTech Global (CA) Ltd	Canada	100	100
- WiseTech Global (NZ) Ltd	New Zealand	100	100
- WiseTech Global (HK) Ltd	Hong Kong	100	100
- WiseTech (Shanghai) Information Technology Ltd	China	100	100
- WiseTech Global (SG) Pte Ltd	Singapore	100	100
- WiseTech Global (UK) Ltd	UK	100	100
- WiseTech Global (US) Inc.	USA	100	100
- CargoWise GmbH	Germany	100	100
- WiseTechGlobal (Pty) Ltd	South Africa	100	0
- Translogix (Australia) Pty Ltd	Australia	100	100
eHealthWise Pty Limited	Australia	0	100
- eHealthWise Services Pty Limited	Australia	0	100
Translogix Holdings Pty Limited	Australia	100	100
Translogix International Pty Limited	Australia	100	100
Advanta Software Pty Limited	Australia	0	100

Note 29 Acquisition

On 1 July 2012 the Group acquired 100% of Translogix Holdings Pty Limited, thereby obtaining control. The details of the acquisition are as follows:

	$
Acquisition price	16,000,000
Settlement of debt	(3,823,179)
Total consideration	12,176,821
Amount settled in cash in 2013 financial year	10,025,306
Fair value of deferred consideration	1,882,353
Total fair value consideration	11,907,659
Recognised amounts of identifiable net assets	
Cash and cash equivalents	79,781
Trade and other receivables	2,054,204
Other assets	147,813
Current tax assets	151,675
Total current assets	2,433,473
Property, plant and equipment	252,024
Intangible assets	6,277,100
Deferred tax assets	185,873
Total non-current assets	6,714,997
Trade and other payables	1,663,678
Borrowings	2,778,109
Provisions	412,786
Current liabilities	4,854,573
Provisions and contingent liabilities	195,019
Deferred tax liabilities	1,219,398
Other liabilities	1,148,179
Total non-current liabilities	2,562,596
Net identifiable assets and liabilities	1,731,301
Goodwill on acquisition	**10,176,358**
Consideration transferred in cash	10,025,306
Cash and cash equivalents acquired	(79,781)
Net cash outflow on acquisition	**9,945,525**
Acquisition costs charged to expenses	83,731
Net cash paid relating to the acquisition	**10,029,256**

Note 29 Acquisition (continued)

Consideration transferred

The acquisition price for TransLogix Holdings Pty Limited was $16 million, which included external debt of $3,823,179, which was fully retired on the date of acquisition. The acquisition was effective from 1 July 2012.

The purchase agreement included additional consideration of 2 deferred payments on 1 January 2013 and 1 July 2013 for $5m and $2m respectively. The Directors assessed that the deferred payments will be required and therefore included them in the cost of acquisition. Deferred consideration has been present valued as at the date of the transaction.

Acquisition-related costs amounting to $83,731 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of 'other expenses'.

Note 30 Discontinued Operations

On 31 January 2014, the Group sold eHealthWise. Management committed to a plan to sell this business in late 2013 following a strategic decision to place greater focus on the Group's key competencies, being the development of cloud-based software solutions for logistics industries.

eHealthWise was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and other comprehensive income has been restated to show the discontinued operation separately from continuing operations.

	2014	2013
Results of discontinued operation	$	$
Revenue	725,114	1,422,465
Expenses	(251,327)	(864,627)
Results from operating activities	473,787	557,838
Income tax	(108,309)	(153,539)
Results from operating activities, net of tax	**365,478**	**404,299**
Gain on sale of discontinued operation	2,585,185	-
Acquisition expenses	(426,046)	-
Income tax on gain on sale of discontinued operation	(664,220)	-
Profit (loss) for the year	**1,860,397**	**404,299**

The profit from the discontinued operation of $1,860,397 (2013: $404,299) is attributable entirely to the owners of the Company.

Cash flows from (used in) discontinued operation	2014	2013
	$	$
Net cash used in operating activities	(6,943)	(4,445)
Net cash from investing activities	2,484,309	-
Net cash flow for the year	2,477,366	(4,445)

Effect of disposal on the financial position of the Group	2014
	$
Goodwill	(49,307)
Trade and other receivables	(22,345)
Cash and cash equivalents	(15,691)
Trade and other payables	23,548
Provisions	38,218
Deferred revenue	110,762
Net assets and liabilities	**85,185**
Consideration received, satisfied in cash	2,500,000
Cash and cash equivalents disposed of	(15,691)
Net cash inflow	**2,484,309**

Note 31 Financial instruments- Fair values and risk management

(a) Accounting classifications and fair values

The fair value of financial assets and liabilities, together with the carrying amcunts shown in the statement of financial position are as follows:

	Carrying amount	30 June 2014 Fair value	Carrying amount	30 June 2013 Fair value
	$	$	$	$
Cash at bank and on hand	3,817,039	3,817,039	667,831	667,831
Short-term bank deposits	7,050	7,050	6,366	6,366
Trade receivables	4,432,515	4,432,515	3,993,148	3,993,148
Trade and other payables	(2,765,412)	(2,765,412)	(2,701,264)	(2,701,264)
Bank loan	(5,000,000)	(5,000,000)	(5,500,000)	(5,500,000)
Finance lease liabilities	(1,682,534)	(1,682,534)	(941,906)	(941,906)
Deferred consideration	-	-	(1,882,353)	(2,000,000)
	(1,191,342)	(1,191,342)	(6,358,178)	(6,475,825)

The basis for determining the fair value is disclosed in Note 3 (j).

Note 31 Financial instruments- Fair values and risk management (continued)

(a) Accounting classifications and fair values (continued)

Fair value hierarchy

The Group did not have any financial instrument carried at fair value by valuation method at 30 June 2014. For the year to 30 June 2013, the Group had deferred consideration arising from the acquisition of Translogix of $1,882,353 which had a fair value of $2,000,000. This amount was paid in July 2013 and deemed to be a level 3 measurement of fair value.

(b) Financial risk management

The Group has exposure to the following risks arising from financial instruments:
• credit risk
• liquidity risk
• market risk

(i) Risk Management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's standard payment and delivery terms and conditions are payment is due on receipt of any invoice and the preferred payment options are by direct debit from a bank account or credit card. No Sale limits are used and the group's receivables are carefully managed by credit management.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are a legal entity, their geographic location, industry, and existence of previous financial difficulties.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provision for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statement.

The maximum exposure to credit risk at the reporting date was:

	2014	2013
Financial assets	$	$
Cash and cash equivalents	3,817,039	667,831
Short term deposits	7,050	6,366
Trade and other receivables	4,432,515	3,993,148
Total	8,256,604	4,667,345

Trade and other receivables that were not impaired as at 30 June 2014 were as follows:

	2014	2013
	$	$
Not past due	2,070,355	1,609,404
Past due 0-30 days	1,070,075	1,258,371
Past due 31-60 days	206,328	148,378
Past due more than 60 days	1,085,757	976,995
	4,432,515	3,993,148

Management believes that the unimpaired amounts that are past due by more than 60 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

	Collective impairments
	$
Balance at 1July 2012	16,359
Impairment loss recognised	21,487
Amount written off	-
Balance at 30 June 2013	37,846
Impairment loss recognised	15,139
Amount written off	-
Balance at 30 June 2014	52,985

Cash and cash equivalents

The Group held cash and cash equivalents of $3,824,089 at 30 June 2014 (2013: $670,929). The cash and cash equivalents are held with credit worthy bank and financial institution counterparties.

Note 31 Financial instruments- Fair values and risk management (continued)

(b) Financial risk management (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the cbligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by monitoring operating cash flows and unutilised facilities.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

30 June 2014	**Contractual cash flow**			
	Carrying amount	**Total**	**Less than 1 year**	**1-5 years**
Non-derivative financial liabilities				
Bank loans	5,000,000	(5,979,500)	(326,500)	(5,653,000)
Finance lease liabilities	1,682,534	(1,852,294)	(800,922)	(1,051,372)
Trade payables	887,089	(887,089)	(887,089)	-
Sundry payables and accrued expenses	1,878,323	(1,878,323)	(1,878,323)	-
	9,447,945	(10,597,205)	(3,892,834)	(6,704,372)

30 June 2013	**Contractual cash flow**			
	Carrying amount	**Total**	**Less than 1 year**	**1-5 years**
Non-derivative financial liabilities				
Bank overdraft	3,268	(3,268)	(3,268)	-
Bank loans	5,500,000	(6,512,150)	(859,150)	(5,653,000)
Finance lease liabilities	941,906	(1,006,912)	(406,308)	(600,604)
Deferred consideration	1,882,353	(2,000,000)	(2,000,000)	-
Trade payables	920,269	(920,269)	(920,269)	-
Sundry payables and accrued expenses	1,780,995	(1,780,995)	(1,780,995)	-
	11,028,791	(12,223,594)	(5,969,990)	(6,253,604)

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

(iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

Currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The source and nature of this risk arises from operations and translation risks.

The Company's reporting currency is Australian dollars. However, the international operations give rise to an exposure to changes in foreign exchange rates as the majority of its revenues from outside of Australia are denominated in currencies other than Australian dollars, most significantly US dollars, NZ dollars, pounds sterling and EURO.

The Group has minimal exposure to profit and loss translation risk as the majority of transactions denominated in foreign currencies are translated by entities within the Group with the same functional currency of the relevant transaction.

Interest rate risk

The Group borrows at floating rates of interest and holds cash that earns interest at floating rates. Consequently, the Group's cash flows are exposed to the impact of adverse changes in benchmark interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Nominal amount	
	2014	**2013**
	$	**$**
Financial assets	3,824,089	670,929
Financial liabilities	(5,000,000)	(5,500,000)
	(1,175,911)	(4,829,071)

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by $11,759 (2013:$4,829). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

WISETECH GLOBAL PTY LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

1 In the opinion of the directors of WiseTech Global Pty Limited ('the Company'):

(a) the consolidated financial statements and notes that are set out on pages 4 to 29 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Unit 3A, 72 O'Riordan St. Sydney 21st day of October 2014.

Richard John White
Director

Charles Llewelyn Gibbon
Director

WISETECH GLOBAL PTY LIMITED
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
WISETECH GLOBAL PTY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of WiseTech Global Pty Limited which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of WiseTech Global Pty Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

a. the financial report of WiseTech Global Pty Limited is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

KPMG

KPMG

Caoimhe Toouli

Caoimhe Toouli
Partner

Sydney

21 October 2014