

**WISETECH GLOBAL PTY LIMITED  
AND CONTROLLED ENTITIES**

**ABN: 41 065 894 724**

**Financial report for the year ended  
30 June 2015**

**WISETECH GLOBAL PTY LIMITED**

**AND CONTROLLED ENTITIES**

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**Financial report for the year ended**

**30 June 2015**

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## Directors' Report

The Directors present their report together with the consolidated financial statements of the Group comprising WiseTech Global Pty Limited, and its controlled entities for the financial year ended 30 June 2015 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

Richard John White - Chief Executive Officer and Founder

Michael John Gregg - Non-Executive Director

Andrew Charles Harrison - Non-Executive Director (appointed 31 July 2015)

Maree McDonald Isaacs - Executive Director

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

### 2 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	
	H	A	H	A	H	A
Mr C L Gibbon	14	14	3	3	-	-
Mr M J Gregg	14	14	-	-	2	2
Ms M M Isaacs	14	13	3	3	-	-
Mr R J White	14	14	-	-	2	2

H - Number of meetings held during the time the Director held office during the year A - Number of meetings attended

Mr A C Harrison is excluded from the table above as he joined the Company as a Non-Executive Director subsequent to year end.

### 3 Company secretaries

Ms Maree McDonald Isaacs was appointed to the position of company secretary in October 1994. Mr Adam David Kossak was appointed to the position of company secretary in November 2010. Mr John William Vassar resigned as company secretary on 3 November 2014.

#### **4 Principal activities**

We are a leading global provider of software solutions for the logistics industry. The principal activities of the Group during the financial year were the development, sale and implementation of software solutions that enable logistics service providers to facilitate the movement and storage of goods and materials domestically and internationally. By using our software, logistic service providers are able to better manage many aspects of the global logistics supply chain such as freight forwarding, customs clearance, warehousing, liner and agency, truck and rail management, air, sea, road and rail freight, container pack and unpack, track and trace and many aspects of domestic and cross-border compliance.

Our customers are logistics service providers and range from large multinational companies to small and mid-sized regional and domestic enterprises. We service customers in more than 100 countries from our head office in Australia and regional offices in China, New Zealand, Singapore, South Africa, United Kingdom and the United States.

Our Cloud-based single-platform software encompasses a large range of logistics specific solutions, provided via modules, some of which facilitate logistics industry transactions (the front office or industry specific vertical) and some of which assist customers to manage their logistics businesses (the back office or horizontal application). The industry-specific modules facilitate all key aspects of logistics services while the enterprise-wide highly integrated set of industry modules help customers manage their domestic, regional and global business with accounting, sales management, workflow, document management and people management applications.

Our software is designed to assist our customers to better address the complexities of the logistics industry while dramatically increasing productivity, reducing costs and mitigating risks through the use of a single, global integrated software platform.

#### **5 Operating and financial review**

During the period the Company focused on growth in the business geographically and operationally, accelerating organic growth in key regions, increasing headcount, further expanding the technology offering and undertaking strategic acquisitions in China and South Africa. For the year ended 30 June 2015, the Company reported a 25% increase in recurring revenues.

The increase in recurring revenue for the year ended 30 June 2015 was driven by:

- continued growth from existing customers, particularly large global customers, reflecting increasing user numbers and module usage;
- continued sales momentum with new customers across the global business; and
- favourable exchange rate movements from the depreciation of the Australian dollar relative to major trading currencies including the US dollar.

For the year ended 30 June 2015, recurring revenue as a percentage of total revenue rose to 96% compared to 95% in the prior corresponding period.

Revenues during the period reflect fees from multiple licencing models as we continued the migration of our business away from up front One-Time Licence ("OTL") fees towards on-demand monthly usage and transaction pricing licence models. Revenue streams related to the newer On-Demand licence models (consisting of On-Demand Periodic Licencing, "ODPL", and Seat plus Transaction Licencing, "STL") formed the majority of recurring revenues. Transaction pricing aligns the revenue we receive for the use of our software with the increased productivity it delivers for customers by enabling them to create more throughput with fewer staff. OTL maintenance fees reduced to less than 20% of recurring revenues during the period and are expected to continue to decline as existing customers transition to newer licence models.

Operating expenses increased by 29% year on year reflecting continued investment in product, strategic initiatives and support infrastructure to facilitate future growth. Throughout the year we continued our focus on building market leading products by reinvesting 29% of recurring revenues in product development and dedicating more than 50% of our headcount to product development and innovation. Development areas included additional vertical industry modules such as land transport, handheld and truck mounted devices for warehousing and land transport, country-specific customs compliance modules and next-generation productivity enhancement tools. Our relatively low cost differentiated sales and marketing approach, ensured sales and marketing expense for the period was 17% of recurring revenues, in line with the prior period. General and administrative expenses rose 59% year on year to 19% of recurring revenues reflecting activities related to strategic initiatives including increased advisory and consulting fees relating to the introduction of transfer pricing, strategic acquisitions undertaken in China and South Africa and various capital raising initiatives. A number of these costs are considered one off or transaction specific costs which contributed to the reduction in margins for the year ended 30 June 2015.

During the financial year, the Group secured additional funding capacity comprising \$35m of new equity (see note 23) and a corporate debt facility of \$45m (see note 18) to support various growth opportunities aimed at strengthening the Group's global network and product capabilities. The Group made two acquisitions during the year which increased its presence in two key markets; China and South Africa (see note 24). In addition to these acquisitions, the Group made significant investments in listed companies Softship AG and CompuClearing Outsourcing Limited ("CCL") (see note 25).

As the Group expanded we increased headcount during the period by 53% from 275 to 420 at 30 June 2015. We expect further strong headcount growth in the next 12 months as we invest in people to support global growth and integrate and grow our strategic acquisitions.

We continue to enjoy strong, long-term relationships with our customers reflected in the strength of recurring revenue growth and our low attrition rates of less than 1% pa in the Cargowise product suite.

<i>In thousands of AUD</i>	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>Continuing operations</b>			
Recurring monthly and annual software usage revenue	6	67,330	53,802
Professional services, other licence revenue, other revenue	6	2,673	2,874
<b>Total revenue and other revenue</b>	<b>6</b>	<b>70,003</b>	<b>56,676</b>
Cost of revenues		(11,398)	(8,529)
<b>Gross profit</b>		<b>58,605</b>	<b>48,147</b>
<b>Operating expenses</b>			
Product design and development <sup>1</sup>		(19,589)	(17,084)
Sales and marketing		(11,681)	(9,043)
General and administration		(12,855)	(8,090)
<b>Total operating expenses</b>		<b>(44,125)</b>	<b>(34,217)</b>
<b>Operating profit</b>		<b>14,480</b>	<b>13,930</b>
<b>Operating and financial metrics</b>			
Recurring revenue growth %		25%	44%
Gross profit margin %		84%	85%
EBITDA		21,201	18,457
EBITDA margin %		30%	33%
Product design and development <sup>1</sup> as % of recurring revenue		29%	32%
Sales and marketing as % of recurring revenue		17%	17%
General and administration as % of recurring revenue		19%	15%
Headcount		420	275

<sup>1</sup>: Product development investment is allocated across expensed and capitalised amounts. Product design and development expenses as a % of recurring revenue do not include capitalised product development amounts. See note 16.

## 6 Dividends

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

<i>Declared and paid during the year 2015</i>	Cents per share	Total amount \$	Date of payment
2014 Dividend - First Instalment	0.42	1,010,969	30 September 2014
2014 Dividend - Second Instalment	0.42	<u>1,010,805</u>	31 March 2015
Total amount		<u>2,021,774</u>	

### Declared after end of year

After the balance sheet date, a fully franked dividend of \$2,300,000 (0.91 cents per share) was declared by the Directors to be paid on 30 September 2015.

The financial effect of this dividend have not been brought to account in the consolidated financial statements for the year-ended 30 June 2015 and will be recognised in the subsequent financial period.

## 7 Events subsequent to reporting date

On 24 June 2015 WiseTech announced a proposed Scheme of Arrangement ("Scheme") to acquire 100% of CCL for ZAR5.50 cash per share which implied a valuation of \$25 million for CCL on a 100% basis. On 6 August 2015 WiseTech announced that its direct beneficial holding in CCL had increased to 50.7% and on 20 August 2015 the proposed Scheme was approved by 98.15% of the shares entitled to vote and voted. From 4 September 2015, following approval by the Takeover Regulation Panel, WiseTech controlled 100% of CCL and it will be treated as a wholly owned subsidiary going forward.

Other than the matters disclosed above, there has not arisen in the interval between the end of the financial 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 Board has been assessing a range of strategic initiatives including a potential Initial Public Offering via a listing on the Australian Securities Exchange, although no decision has been made as to if or when this event might occur. Apart from this 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 Group against liability incurred in that capacity.

The Group's officers consist of the Directors of the Company named earlier in this Report, the Company Secretaries and other officers of the consolidated entity, including certain Executive 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.

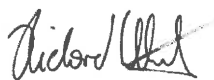
## 11 Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the year ended 30 June 2015.

## 12 Rounding off

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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



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Richard John White  
Director



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Charles Llewelyn Gibbon  
Director

Date: 29<sup>th</sup> September 2015



*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 2015 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

29 September 2015



**WISETECH GLOBAL PTY LIMITED  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2015**

<i>In thousands of AUD</i>	Note	2015	2014
<b>Continuing operations</b>			
Recurring monthly and annual software usage revenue	6	67,330	53,802
Professional services and other licence revenue	6	2,347	2,494
Other revenue	6	326	380
<b>Total revenue</b>	6	<b>70,003</b>	<b>56,676</b>
Cost of revenues		(11,398)	(8,529)
<b>Gross profit</b>		<b>58,605</b>	<b>48,147</b>
<b>Operating expenses</b>			
Product design and development		(19,589)	(17,084)
Sales and marketing		(11,681)	(9,043)
General and administration		(12,855)	(8,090)
<b>Total operating expenses</b>		<b>(44,125)</b>	<b>(34,217)</b>
<b>Operating profit</b>		<b>14,480</b>	<b>13,930</b>
Finance income		958	417
Finance costs		(852)	(643)
<b>Net finance income/(costs)</b>	7	<b>106</b>	<b>(226)</b>
Share of profit of equity-accounted investees, net of tax	25	13	-
<b>Profit before income tax</b>		<b>14,599</b>	<b>13,704</b>
Tax expense	8	(4,442)	(3,692)
<b>Net profit from continuing operations</b>		<b>10,157</b>	<b>10,012</b>
<b>Discontinued operations</b>			
<b>Profit from discontinued operations, net of tax</b>	31	-	<b>1,860</b>
<b>Net profit for the year</b>		<b>10,157</b>	<b>11,872</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translating foreign operations		134	(82)
Available-for-sale financial assets - net change in fair value		(168)	-
<b>Other comprehensive income for the year</b>		<b>(34)</b>	<b>(82)</b>
<b>Total comprehensive income for the year</b>		<b>10,123</b>	<b>11,790</b>

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

**WISETECH GLOBAL PTY LIMITED  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015**

<i>In thousands of AUD</i>	Note	2015	2014
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	12	43,155	3,824
Trade and other receivables	13	7,842	4,310
Current tax assets		1,032	-
Other assets	14	1,883	3,828
<b>TOTAL CURRENT ASSETS</b>		<b>53,912</b>	<b>11,962</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	10,021	3,101
Intangible assets	16	66,002	43,935
Equity-accounted investees	25	5,579	-
Equity securities - available for sale	25	2,018	-
Other non-current assets	14	3,127	66
<b>TOTAL NON-CURRENT ASSETS</b>		<b>86,747</b>	<b>47,102</b>
<b>TOTAL ASSETS</b>		<b>140,659</b>	<b>59,064</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	5,706	2,765
Borrowings	18	3,801	722
Current tax liabilities		240	94
Employee benefits	19	3,830	2,565
Deferred revenue	20	10,568	10,230
Other liabilities	21	1,234	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>25,379</b>	<b>16,376</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	18	26,662	5,961
Deferred tax liabilities	8	11,770	7,705
Employee benefits	19	588	565
Other liabilities	21	3,253	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>42,273</b>	<b>14,231</b>
<b>TOTAL LIABILITIES</b>		<b>67,652</b>	<b>30,607</b>
<b>NET ASSETS</b>		<b>73,007</b>	<b>28,457</b>
<b>EQUITY</b>			
Share capital	23	44,869	9,006
Reserves		1,241	689
Retained earnings		26,897	18,762
<b>TOTAL EQUITY</b>		<b>73,007</b>	<b>28,457</b>

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

**WISETECH GLOBAL PTY LIMITED  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015**

<i>In thousands of AUD</i>	Note	Share capital	Fair value reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total
<b>Balance at 1 July 2013</b>		8,433	-	440	(335)	8,856	17,394
<b>Total comprehensive income</b>							
Profit attributable to members of the parent entity		-	-	-	-	11,872	11,872
Other comprehensive income ("OCI")		-	-	-	(82)	-	(82)
<b>Total comprehensive income</b>		-	-	-	(82)	11,872	11,790
<b>Transactions with owners of the Company</b>							
Equity-settled share-based payment		-	-	1,239	-	-	1,239
Vesting of deferred share rights		573	-	(573)	-	-	-
Dividends	11	-	-	-	-	(1,966)	(1,966)
<b>Total transactions with owners of the Company</b>		573	-	666	-	(1,966)	(727)
<b>Balance at 30 June 2014</b>		9,006	-	1,106	(417)	18,762	28,457
<b>Balance at 1 July 2014</b>		9,006	-	1,106	(417)	18,762	28,457
<b>Total comprehensive income</b>							
Profit attributable to members of the parent entity		-	-	-	-	10,157	10,157
OCI		-	(168)	-	134	-	(34)
<b>Total comprehensive income</b>		-	(168)	-	134	10,157	10,123
<b>Transactions with owners of the Company</b>							
Issue of share capital (net of issue costs)		34,929	-	-	-	-	34,929
Equity-settled share-based payment		-	-	1,520	-	-	1,520
Vesting of deferred share rights		934	-	(934)	-	-	-
Dividends	11	-	-	-	-	(2,022)	(2,022)
<b>Total transactions with owners of the Company</b>		35,863	-	586	-	(2,022)	34,427
<b>Balance at 30 June 2015</b>		44,869	(168)	1,692	(283)	26,897	73,007

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

**WISETECH GLOBAL PTY LIMITED  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015**

<i>In thousands of AUD</i>	<b>Note</b>	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		75,730	61,576
Payments to suppliers and employees		(52,461)	(44,061)
Interest paid		(706)	(525)
Income tax (paid)/refund		(1,941)	89
<b>Net cash provided by operating activities</b>	<b>26</b>	<b>20,622</b>	<b>17,079</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		180	49
Proceeds from disposal of discontinued operation, net of cash disposed of	31	-	2,484
Purchase of property, plant and equipment		(2,607)	(850)
Payment for intangible assets		(13,293)	(10,030)
Deferred consideration of Translogix acquisition		-	(2,000)
Acquisition of Shenzhen Zsoft Software Development Co. Ltd	24	(2,434)	-
Acquisition of Core Freight Systems Proprietary Limited	24	(5,472)	-
Acquisition of equity-accounted investees	25	(5,566)	-
Acquisition of equity securities	25	(2,186)	-
<b>Net cash used in investing activities</b>		<b>(31,378)</b>	<b>(10,347)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		35,000	-
Proceeds from borrowings		24,000	-
Repayment of finance lease liabilities		(1,558)	(362)
Repayment of borrowings		(5,000)	(1,250)
Dividends		(2,022)	(1,966)
Payment for transaction costs		(333)	-
<b>Net cash provided by (used in) financing activities</b>		<b>50,087</b>	<b>(3,578)</b>
Net increase (decrease) in cash held		39,331	3,153
Cash and cash equivalents at beginning of financial year		3,824	671
<b>Cash and cash equivalents at end of financial year</b>	<b>12</b>	<b>43,155</b>	<b>3,824</b>

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

**WISETECH GLOBAL PTY LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

**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, 2015, NSW, Australia. The consolidated financial statements comprise the Company and its controlled entities (collectively the "Group" or "WiseTech"). On 4 September 2015 the Company became an unlisted public company, WiseTech Global Limited.

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 consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Material accounting policies adopted in the preparation of these financial statements are presented alongside the relevant notes and have been consistently applied unless stated otherwise. Other significant accounting policies which are relevant to understand the basis of preparation of these financial statements are included in note 33.

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.

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.

The financial statements were authorised by the Board of Directors on 29 September 2015.

**Presentation of results**

The Group has presented the expense categories within the consolidated statement of profit or loss and other comprehensive income on a functional basis. The categories used are cost of revenues, sales and marketing, product design and development, and general and administration. This presentation style provides insight into the Company's business model and enables users to consider the results of the Group compared to other major Software as a Service ("SaaS") companies. The methodology and the nature of costs within each category are further described below.

*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. 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 and design and development employees, as well as allocated overhead. Under IFRS, the proportion of product design and development expenses that create a benefit in future periods is capitalisable as an intangible asset and then amortised to profit or loss over the estimated life of the asset created. The amount amortised is included as a product design and development expense.

**WISETECH GLOBAL PTY LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

*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 expenses.

*Overhead allocation*

The presentation of the statement of profit or loss and other comprehensive income statement 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.

**Note 3                    Functional and presentation currency**

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

**Note 4                    Critical accounting estimates and judgments**

*(i) Critical accounting estimates and assumptions*

In preparing the Group financial statement, 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 cash generating unit ("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 does 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.

**WISETECH GLOBAL PTY LIMITED  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015**

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.

**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 AASBs, 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.

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**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; recurring, non-recurring and other. This analysis is presented below.

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
<b>Continuing operations</b>		
Recurring revenue	67,330	53,802
Non-recurring revenue	2,347	2,494
Other income and finance income	1,284	797
<b>Total continuing operations</b>	<b>70,961</b>	<b>57,093</b>
<b>Discontinued operations</b>		
Revenue from discontinued operations	-	725
Gain on sale of discontinued operations	-	2,585
<b>Total discontinued operations</b>	<b>-</b>	<b>3,310</b>
<b>Total</b>	<b>70,961</b>	<b>60,403</b>

Geographical breakdown of revenue is not applicable nor available due to the specific nature of the Group's customers, their distributed locations, the ability of customers to use licences across various geographies and the difficulty of determining where those licences are consumed and the fact that international freight and logistics movements are inherently occurring across multiple geographies. The CargoWise One software facilitates movement transactions from the origin, destination, a third locale or any combination of those locales.

For the year-ended 30 June 2015 in terms of customer concentration, there are no customers contributing greater than 4% of revenue and our top 10 customers combined account for less than 24% 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.

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
Australia	69,849	46,479
Other countries	16,898	623
<b>Total non-current assets</b>	<b>86,747</b>	<b>47,102</b>

**Note 6            Revenue**

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.



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Revenue is recognised for the major business activities as follows:

(i) Recurring monthly and annual software usage revenue

Software usage revenue predominantly comprises the recurring monthly fees from On-Demand (ODPL and STL) customers 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.

Annual revenues from OTL maintenance revenues are recognised evenly over time as services are rendered.

(ii) Professional services and other licence 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 profit or loss.

The non-maintenance OTL revenue is included in other licence revenue. The Group no longer offers OTL for new business and there are no material revenue streams from licence fees from contracted OTL customers.

(iii) Sale 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.

(iv) 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/VAT).

<i>In thousands of AUD</i>	<b>Continuing operation</b>		<b>Discontinued operation</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenue						
Sales revenue						
Recurring monthly and annual software usage revenue	67,330	53,802	-	725	67,330	54,527
Professional services and other licence revenue	2,347	2,494	-	-	2,347	2,494
<b>Total revenue</b>	<b>69,677</b>	<b>56,296</b>	<b>-</b>	<b>725</b>	<b>69,677</b>	<b>57,021</b>
Other revenue						
Gain on disposal of property, plant and equipment	1	13	-	-	1	13
Other revenue	325	367	-	-	325	367
<b>Total other revenue</b>	<b>326</b>	<b>380</b>	<b>-</b>	<b>-</b>	<b>326</b>	<b>380</b>
<b>Total revenue</b>	<b>70,003</b>	<b>56,676</b>	<b>-</b>	<b>725</b>	<b>70,003</b>	<b>57,401</b>

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**Note 7            Net finance costs**

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
Interest income	180	49
Net foreign exchange gain	778	368
Finance income	<u>958</u>	<u>417</u>
Interest expense	<u>(852)</u>	<u>(643)</u>
Finance costs	<u>(852)</u>	<u>(643)</u>
Net finance income/(costs) recognised in profit or loss	<u>106</u>	<u>(226)</u>

**Note 8            Income taxes**

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 for each jurisdiction enacted or substantively enacted at the reporting date.

**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 measured 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.

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(a) The components of tax expense/(income) comprise:

*In thousands of AUD*

	<b>2015</b>	<b>2014</b>
Current tax	901	163
Deferred tax	3,578	3,582
Adjustment for prior years	(37)	(53)
Tax expense from continuing operations	<u>4,442</u>	<u>3,692</u>

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

*In thousands of AUD*

	<b>2015</b>	<b>2014</b>
Profit before tax from continuing operations	14,599	13,704
Tax using the Company's domestic tax rate (30%)	4,380	4,111
<b>Add:</b>		
Tax effect of:		
— Non-deductible depreciation and amortisation	181	181
— Non-deductible expenses	4	19
— Share-based payment expense	475	(35)
— Non-deductible acquisition expenses	156	-
— (Over)/under provision for income tax in prior year	(19)	232
	<u>5,177</u>	<u>4,508</u>
<b>Less:</b>		
Tax effect of:		
— Different tax rates in overseas jurisdictions	12	27
— Research and development	630	500
— Deferred tax adjustments	84	242
— Other	9	47
Income tax attributable to entity	<u>4,442</u>	<u>3,692</u>

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(c) Movement in deferred tax balances

<i>In thousands of AUD</i>	Opening balance	Charged to continuing operations	Charged to discontinued operations	Charged to goodwill	Exchange differences	Closing balance
<b>2015</b>						
Software development costs	7,865	3,164	-	-	-	11,029
Customer relationships	1,194	(161)	-	597	-	1,630
Provisions	(1,019)	(481)	-	(48)	(14)	(1,562)
R&D rebate carried forward	(102)	102	-	-	-	-
Future income tax benefits attributable to tax losses	(187)	123	-	-	(7)	(71)
Other	(46)	787	-	15	(12)	744
<b>Net tax liabilities (assets)</b>	<b>7,705</b>	<b>3,534</b>	<b>-</b>	<b>564</b>	<b>(33)</b>	<b>11,770</b>
<b>2014</b>						
Software development costs	5,652	2,213	-	-	-	7,865
Customer relationships	1,342	(148)	-	-	-	1,194
Provisions	(890)	(163)	34	-	-	(1,019)
R&D rebate carried forward	(1,519)	819	598	-	-	(102)
Future income tax benefits attributable to tax losses	(774)	446	141	-	-	(187)
Other	(470)	415	-	-	9	(46)
<b>Net tax liabilities (assets)</b>	<b>3,341</b>	<b>3,582</b>	<b>773</b>	<b>-</b>	<b>9</b>	<b>7,705</b>

All deferred tax assets for deductible temporary differences and unused tax losses have been brought to account in 2015 and 2014.

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**Note 9 Key management personnel**

Key management personnel (“KMP”) 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) KMP compensation**

The totals of remuneration of the KMP of the Company and the Group included within employee expenses are as follows:

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
Short-term employee benefits	2,129	2,701
Post-employment benefits	258	344
Other long term benefits	41	31
Share-based payments	219	99
<b>Total KMP compensation</b>	<b>2,647</b>	<b>3,175</b>

Short-term employee benefits

– these amounts include fees and benefits paid to the executive Directors and other KMP as well as all salary, fringe benefits and cash bonuses awarded to the non-executive Chairperson and the non-executive Director.

Post-employment benefits

– these amounts are the cost of superannuation contributions made during the year.

Other long-term benefits

– these amounts represent long service leave and long-term 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) KMP transactions**

Directors of the Company control 79.58% of the voting shares of the Company as at 30 June 2015. A number of KMP, 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-KMP related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances related to KMP and entities over which they have control or significant influence were as follows:

<i>In thousands of AUD</i>		<b>Transaction values for the year ended 30 June</b>		<b>Balance outstanding as at 30 June</b>	
<b>Director</b>	<b>Transactions</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
RJ White	Company apartment rent *	151	147	-	-
RJ White	US office fit out and related costs **	336	105	499	91
RJ White	Interest on loan	15	-	-	-
RJ White	Professional services fees***	44	-	-	-
RJ White	Sale of plant and equipment	15	-	-	-

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\* The Group entered into various apartment leases with RealWise Holdings Pty Ltd (formerly known as 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 as well as rent of office space in a building owned by RealWise Investments LLC, a company controlled by Mr RJ White. The expenses are recharged in full to RealWise Investments LLC on a monthly basis. No interest was charged in relation to outstanding balances of \$834,610 on reporting date as these will be converted into prepaid rent in FY16. On reporting date, there is also an accrual for outstanding rent of \$335,367.

\*\*\* Partial reimbursement by the Group of professional services fees incurred by companies controlled by Mr R J White.

**Note 10 Auditor's remuneration**

*In AUD*

	<b>2015</b>	<b>2014</b>
<b>Audit and review services</b>		
KPMG Australia:		
Audit and review of the financial reports	213,500	136,000
KPMG overseas offices:		
Audit of statutory financial reports	109,128	75,000
	322,628	211,000
<b>Other services</b>		
KPMG Australia:		
In relation to other assurance and taxation services	199,474	14,694
KPMG overseas offices:		
In relation to other assurance, taxation and due diligence services	87,831	-
	287,305	14,694

**Note 11 Dividends**

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

(a) The following dividends were declared and paid by the Company during the year.

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
Declared fully franked ordinary dividend of 0.84 cents (2014: 0.83 cents)	2,022	1,966
	2,022	1,966

The Directors have declared a fully franked final FY 2015 dividend of 0.91 cents per share. As the final dividend was not declared or resolved to be paid by the Board of Directors as at 30 June 2015, the dividend has not been provided for in the consolidated statement of financial position. The dividend has a record date of 15 September 2015 and will be paid on 30 September 2015.

(b) Balance of franking account at year end	<b>2015</b>	<b>2014</b>
	1,045	297

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**Note 12 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.

*In thousands of AUD*

	<b>Note</b>	<b>2015</b>	<b>2014</b>
Cash at bank and on hand		43,148	3,817
Short-term bank deposits		7	7
<b>Cash and cash equivalents</b>		<u>43,155</u>	<u>3,824</u>
Bank overdrafts used for cash management purposes	<b>18</b>	(50)	-
Cash and cash equivalents in the statement of cash flows		<u>43,105</u>	<u>3,824</u>

The effective interest rate on short-term bank deposits was 2.24% (2014: 2.92%)

The increase in cash between 2014 and 2015 related to the impact of the equity raising and the drawdown of the Westpac acquisition facility to fund the anticipated remaining payments of the CCL acquisition (approximately \$19m at 30 June 2015).

**Note 13 Trade and other receivables**

The Group does not hold any collateral as security over any receivable balance nor does it hold any restrictions of title.

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.

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.

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.

During the period a provision for impairment related to the transition to new licencing models was created to reflect timing delay in collections of certain transitional charges. These transitional provisions relate to current, active customers and the disputed invoices are considered contractually valid by management and will be pursued.

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
<b>CURRENT</b>		
Trade receivables	8,233	4,363
Provision for impairment - General	(126)	(53)
Provision for impairment - Transition	(265)	-
<b>Total current trade and other receivables</b>	<u>7,842</u>	<u>4,310</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

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**Note 14 Other assets**

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>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
<b>CURRENT</b>		
Unbilled receivables	-	2,986
Prepayments	464	465
Deposits	291	122
Amounts due from related parties	834	-
Other	294	255
<b>Total</b>	<u>1,883</u>	<u>3,828</u>
 <b>NON-CURRENT</b>		
Unbilled receivables	3,055	-
Other	72	66
<b>Total</b>	<u>3,127</u>	<u>66</u>

**Note 15 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:

<b>Class of Fixed Asset</b>	<b>Depreciation rate</b>
Plant and equipment	5%-65%
Leasehold improvements	20%



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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.

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.

*In thousands of AUD*

	<b>2015</b>	<b>2014</b>
<b>Plant and equipment</b>		
At cost	12,417	5,191
Accumulated depreciation	(5,685)	(3,384)
Total plant and equipment	6,732	1,807
<b>Leasehold improvements</b>		
At cost	3,978	1,611
Accumulated amortisation	(689)	(317)
Total leasehold improvements	3,289	1,294
<b>Total property, plant and equipment</b>	<b>10,021</b>	<b>3,101</b>

**Movements in carrying amounts**

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

<i>In thousands of AUD</i>	Leasehold improvements	Plant and equipment	Leasehold improvements in progress	Total
Balance at 1 July 2013	810	1,219	-	2,029
Additions	567	1,424	46	2,037
Disposals	-	(16)	-	(16)
Depreciation expense	(129)	(820)	-	(949)
Balance at 30 June 2014	1,248	1,807	46	3,101
Balance at 1 July 2014	1,248	1,807	46	3,101
Additions	2,367	6,988	-	9,355
Disposals	-	(14)	-	(14)
Transfer	46	-	(46)	-
Depreciation expense	(218)	(2,070)	-	(2,288)
Effect of movements in exchange rates	(154)	21	-	(133)
Balance at 30 June 2015	3,289	6,732	-	10,021

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**Note 16            Intangible assets**

**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 computer application system software and licences. Costs incurred in developing products or systems and costs incurred in acquiring software and licences 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 licences**

Prepaid licence costs relate to fees paid to an external provider for licences relating to specific components of software.

**Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, 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:            3-5 years
- customer relationships:        10 years

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

Intangible assets, other than goodwill, have finite useful lives. Goodwill has an indefinite useful life.

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*In thousands of AUD*

	<b>2015</b>	<b>2014</b>
<b>Prepaid licences</b>		
Cost	1,583	1,494
Accumulated amortisation and impairment	(119)	-
Net carrying amount	1,464	1,494
<b>Goodwill</b>		
Cost	20,302	11,055
Accumulated impairment losses	(63)	(63)
Net carrying amount	20,239	10,992
<b>Development costs (WIP)</b>		
Cost	15,058	9,551
Net carrying amount	15,058	9,551
<b>Computer software</b>		
Cost	30,051	22,101
Accumulated amortisation and impairment	(8,345)	(5,437)
Net carrying amount	21,706	16,664
<b>Intellectual property</b>		
Cost	9,051	6,738
Accumulated amortisation and impairment	(6,700)	(5,484)
Net carrying amount	2,351	1,254
<b>Customer relationships</b>		
Cost	6,707	4,974
Accumulated amortisation and impairment	(1,523)	(994)
Net carrying amount	5,184	3,980
<b>Total intangibles</b>	<b>66,002</b>	<b>43,935</b>

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**Movements in carrying amounts**

<i>In thousands of AUD</i>	Prepaid licences	Goodwill	Development costs (WIP)	Computer software	Intellectual property	Customer relationships	Total
<b>Year ended 30 June 2014</b>							
Balance at the beginning of the year	940	11,040	4,942	13,905	2,182	4,472	37,481
Additions	554	-	9,526	-	-	-	10,079
Transfers	-	-	(4,916)	4,916	-	-	-
Disposals	-	(48)	-	-	-	-	(48)
Amortisation charge	-	-	-	(2,157)	(928)	(492)	(3,577)
	<b>1,494</b>	<b>10,992</b>	<b>9,551</b>	<b>16,664</b>	<b>1,254</b>	<b>3,980</b>	<b>43,935</b>
<b>Year ended 30 June 2015</b>							
Balance at the beginning of the year	1,494	10,992	9,551	16,664	1,254	3,980	43,935
Additions	89	-	13,457	-	468	-	14,014
Acquisition via business combination	-	9,247	-	-	1,642	1,733	12,622
Transfers	(119)	-	(7,950)	7,950	-	-	(119)
Disposals	-	-	-	-	-	-	-
Amortisation charge	-	-	-	(2,908)	(1,013)	(529)	(4,450)
Closing balance at 30 June 2015	<b>1,464</b>	<b>20,239</b>	<b>15,058</b>	<b>21,706</b>	<b>2,351</b>	<b>5,184</b>	<b>66,002</b>

**Research and development expenditure**

The aggregate amount of research and development expenditure during the year was \$30,137,607 (2014:\$24,452,138) comprising expensed and capitalised development amounts excluding the amortisation charge.

**Impairment testing for cash-generating units containing goodwill**

At 30 June 2015, 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 2015.

The recoverable amount of a CGU group is assessed based on the 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 2014.

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 recognised 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.

**Long-term growth rate into perpetuity**

Long-term growth rates of 3% (2014: 2.5%) are used into perpetuity, based on expected long-range industry growth rates.

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**Key assumptions used for value-in-use calculations**

Post-tax discount rate		Pre-tax discount rate		Long-term perpetuity growth rate	
2015	2014	2015	2014	2015	2014
9.0%	10.6%	11.3%	16.0%	3%	2.5%

**Note 17 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.

<i>In thousands of AUD</i>	2015	2014
CURRENT		
Trade payables	1,323	887
Sundry payables and accrued expenses	4,383	1,878
	<u>5,706</u>	<u>2,765</u>

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

**Note 18 Borrowings**

<i>In thousands of AUD</i>	2015	2014
CURRENT		
Bank overdraft	50	-
Finance lease liability	3,751	722
<b>Total current borrowings</b>	<u>3,801</u>	<u>722</u>
NON-CURRENT		
Finance lease liability	2,924	961
Bank loans	24,000	5,000
Transaction costs	(262)	-
<b>Total non-current borrowings</b>	<u>26,662</u>	<u>5,961</u>
<b>Total borrowings</b>	<u>30,463</u>	<u>6,683</u>

**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. During the financial year, the Group signed a new facility agreement with Westpac Banking Corporation which incorporates all of its financing arrangements which are in the process of being transferred from St George Bank. The new Westpac facilities were established in April 2015 with a term of 3 years (with built in extension options) and are separated into two tranches:

- Tranche A (\$15m): revolving multi option facility for general corporate purposes
- Tranche B (\$30m): revolving acquisition facility to fund permitted acquisitions

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As at 30 June 2015 \$24m was drawn under the acquisition facility to finance the strategic acquisitions in South Africa.

The finance lease maturities are disclosed in note 22 (a).

**Terms and repayment schedule**

The terms and conditions of outstanding loans are as follows.

<i>In thousands of AUD</i>	Currency	Nominal interest rate	Year of maturity	30 June 2015		30 June 2014	
				Face value	Carrying amount	Face value	Carrying amount
Bank overdraft	AUD	5.14%	2015	50	50	-	-
Finance lease liability	AUD	5.07%	2018	6,675	6,675	1,683	1,683
Secured bank loan	AUD	4.05%	2018	24,000	24,000	5,000	5,000
<b>Total interest-bearing liabilities</b>				<b>30,725</b>	<b>30,725</b>	<b>6,683</b>	<b>6,683</b>

The facility agreement is secured by fixed and floating charges over the whole of the Company assets including goodwill and uncalled capital.

**Note 19 Employee benefits**

**Short-term employee benefits**

Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 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 employee benefits 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 corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements 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.

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**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.

On 6 September 2001 the Group introduced 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 EST which is used to purchase the equivalent number of trust units. Due to expected changes in legislation, a decision to no longer use the EST for new awards was taken. There were no loans given to employees with respect to the full year to 30 June 2015 scheme and shares were issued directly to employees.

The total share-based payment expense for the year was \$920,713 (2014:\$1,239,459).

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
<b>Employee benefits expense</b>		
- Defined contribution superannuation expense	2,595	1,976
- Total wages and salaries	31,062	26,210
- Share-based payment expenses	921	1,239
	34,578	29,425

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
<b>Employee benefits</b>		
<b>CURRENT</b>		
Annual leave	2,850	2,114
Long service leave	980	451
<b>Total</b>	3,830	2,565
<b>NON-CURRENT</b>		
Long service leave	588	565
<b>Total</b>	588	565

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**Note 20          Deferred revenue**

*In thousands of AUD*

	<b>2015</b>	<b>2014</b>
Current		
Deferred revenue	<u>10,568</u>	<u>10,230</u>

**Note 21          Other liabilities**

*In thousands of AUD*

	<b>2015</b>	<b>2014</b>
Current		
Contingent consideration	1,234	-
Non-current		
Contingent consideration	<u>3,253</u>	-
<b>Total other liabilities</b>	<u>4,487</u>	-

The contingent considerations above are associated with the acquisitions during the period which are disclosed in note 24.

**Note 22          Capital and leasing commitments**

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.

(a)

**Finance lease liabilities**

<i>In thousands of AUD</i>	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2015	2014	2015	2014	2015	2014
— not later than 12 months	4,031	729	280	7	3,751	722
— between 12 months and five years	3,144	981	220	20	2,924	961
— later than five years	-	-	-	-	-	-
	<u>7,175</u>	<u>1,710</u>	<u>500</u>	<u>27</u>	<u>6,675</u>	<u>1,683</u>



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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.

<b>(b)</b>	<b>Operating lease commitments</b>		
	<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
	Non-cancellable operating leases contracted for but not recognised in the financial statements		
	Payable — minimum lease payments		
	— not later than 12 months	1,770	1,812
	— between 12 months and five years	1,307	1,163
	— later than five years	-	-
		<u>3,077</u>	<u>2,975</u>

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**

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
252,480,072 (2014: 240,701,932) fully paid ordinary shares	44,869	9,006

**(a)            Ordinary shares**

	<b>2015</b>	<b>2014</b>
	No.	No.
At the beginning of the reporting period	240,701,932	239,900,499
Shares issued during the year		
- Vesting of deferred share rights	521,066	801,433
- Issued for cash	11,257,074	-
At the end of the reporting period	<u>252,480,072</u>	<u>240,701,932</u>

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.

Shares during the year have been issued as a result of the Group's share-based payment scheme and contributions from two investors (see below). The value of \$44,869,462 (2014: \$9,006,482) in share capital represents the value of issued and vested shares.

On 15 April 2015, the Group entered into an arrangement with FIL Investment Management (Hong Kong) Limited and SmallCo Investment Manager Limited which resulted in cash injections of \$25 million and \$10 million respectively. The arrangement includes an issue of 1,876,172 purchase warrants for nil consideration. The warrants will expire 12 months from the agreement date depending on certain events occurring during this time. Based on the terms of the agreements, the Group has classified these injections as equity. No further warrants have been granted since 30 June 2015 to the date of these financial statements. Transaction costs of \$70,875 have been incurred as part of this process. These costs were recorded against the \$35 million injection.

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

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**(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 share-based payment reserve represents the value of unvested shares and unissued shares as part of the share-based payment scheme. As the shares vest to the employee, they are transferred to share capital.

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change of fair value of available-for-sale financial assets until the assets are derecognised or impaired.

**(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. The gearing ratios for the year ended 30 June 2015 and 30 June 2014 are as follows:

*In thousands of AUD*

	<b>Note</b>	<b>2015</b>	<b>2014</b>
Total borrowings	18	30,463	6,683
Less cash and cash equivalents	12	(43,155)	(3,824)
Net debt		<u>(12,692)</u>	2,859
Total equity		<u>73,007</u>	28,458
Total capital		<u>60,315</u>	<u>31,317</u>
Gearing ratio		-21%	9%

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**Note 24            Acquisitions**

*Shenzhen Zsoft Software Development Co. Ltd*

On 16 March 2015, the Group acquired the trading assets of Shenzhen Zsoft Software development Co. Ltd and its controlled subsidiaries ('Zsoft') for a total consideration of \$6.8m. Zsoft is a leading freight-forwarding software provider in China and the acquisition of these assets will allow the Group to expand its presence in China.

In the period between acquisition date and the year-end, Zsoft contributed revenue of \$198,653 and loss of \$178,692 to the Group's results.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred.

*In thousands of AUD*

Cash	950
Contingent consideration	5,826
<b>Total consideration transferred</b>	<b>6,776</b>

The Group has agreed to pay contingent consideration of \$6,575,239 to Zsoft based on a number of milestones up until 31 December 2017 including the successful integration of customers into CargoWise One.

Acquisition-related costs

The Group incurred acquisition-related costs of \$215,241 on legal fees and due diligence costs. These costs have been included in general and administration expense.

Identifiable assets acquired and liabilities assumed

The following table summarises the fair value of identifiable assets acquired and liabilities assumed at the date of acquisition.

*In thousands of AUD*

Accounts receivable	101
Plant and equipment	25
Leasehold improvement	7
Intellectual property	1,235
Customer relationships	796
Deferred tax liability	(291)
<b>Total</b>	<b>1,873</b>

A valuation was undertaken by an external party in relation to all assets acquired as part of the acquisition. In particular, the methodology used to derive the value of intellectual property and customer relationships was the income approach where forecasts of future cash flows were determined and an appropriate discount rate applied.

The accounts receivables balance represents the gross contractual balance and is expected to be collectible.

Goodwill

Goodwill arising from the acquisition has been recognised as follows.

*In thousands of AUD*

Consideration transferred	6,776
Fair value of identifiable net assets	<u>(1,873)</u>
<b>Goodwill</b>	<b>4,903</b>

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The goodwill is attributable mainly to the customer base and intellectual property of and the synergies expected to be achieved from integrating the acquired business into the Group's existing business. The goodwill is not expected to be deductible for tax purposes.

*Core Freight Systems Proprietary Limited*

On 1 June 2015, the Group acquired 100% of the shares of Core Freight Systems Proprietary Limited ("CFS"), a South African domiciled Company, for a total consideration of \$5,676,175. CFS is a leading player in the South African customs software market and will allow the Group to expand its freight forwarding and clearing capabilities in South Africa.

In the period between acquisition date and the year-end, CFS contributed revenue of \$193,931 and profit of \$27,976 to the Group's results. If the acquisition had occurred on 1 July 2014, management estimates that consolidated revenue would have been \$2,191,215 and consolidated profit for the year would have been \$475,693.

Consideration transferred

The consideration of \$5,676,175 was in the form of cash. The Group has further agreed to pay contingent consideration of \$1,076,500 to the selling shareholders based on a number of milestones up until 1 June 2018. The consideration is conditional on continued employment of key shareholders and as such is considered post-combination services and not considered a part of consideration transferred.

Acquisition-related costs

The Group incurred acquisition-related cost of \$195,684 on legal fees and due diligence costs. These costs have been included in general and administration expense.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

<i>In thousands of AUD</i>	
Property, plant and equipment	20
Customer relationships	937
Intellectual property	409
Deferred tax liability - intangibles	(377)
Deferred tax asset - acquired assets	50
Trade and other receivables	317
Cash and cash equivalent	204
Current tax payable	(47)
Trade and other payables	(180)
<b>Net assets acquired</b>	<b>1,333</b>
<hr/>	
<b>Consideration</b>	<b>5,676</b>
<hr/>	
<b>Goodwill</b>	<b>4,343</b>

A valuation was undertaken by an external party in relation to acquired Intangibles ie intellectual property and customer relationships. The methodology used to derive the value of customer relationships was the multi-period excess earnings method ("MEEM") and the replacement cost approach was used to value the intellectual property. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

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The trade receivables balance represents the gross contractual balance and is expected to be collectible.

**Goodwill**

Goodwill arising from the acquisition has been recognised as follows.

*In thousands of AUD*

Consideration transferred	5,676
Fair value of identifiable net assets	<u>(1,333)</u>
<b>Goodwill</b>	<b>4,343</b>

The goodwill is attributable mainly to the customer base and intellectual property of and the synergies expected to be achieved from integrating the Company into the Group's existing business. The goodwill is not expected to be deductible for tax purposes.

**Note 25 Other Investments**

*Equity-accounted investees*

*In thousands of AUD*

	<u>2015</u>	<u>2014</u>
<b>Carrying amount of interest in equity-accounted investees</b>	5,579	-

On 17 June 2015, the Group acquired a 23.5% equity interest in CCL, a South African entity listed on the Johannesburg Stock Exchange. CCL is South Africa's industry leader in the provision of information technology products and services to the customs clearing, freight forwarding, air cargo and related industries. As at 30 June 2015, the share price of CCL was ZAR5.50.

The following table summarises the financial information of CCL, not adjusted for the percentage ownership held by the Group.

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
Assets	6,609	-
Liabilities	(1,178)	-
Revenue*	328	-
Profit from continuing operations*	55	-

\*: Revenue and profit from continuing operations represents financial information from the date of acquisition.

*Equity Securities – available for sale*

During the financial year, the Group acquired shares in Softship AG ("Softship"), a German-domiciled entity which is listed on the Frankfurt Stock Exchange. Softship is a provider of software solutions to the international liner shipping industry and the value of the Group's investment at reporting date is \$2,017,732 which represents an 18% shareholding. These equity securities are designated as available for sale financial assets with movements recorded through the fair value reserve within equity.

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<b>Note 26</b>	<b>Cash flow</b>	<b>2015</b>	<b>2014</b>
	<i>In thousands of AUD</i>		
	<b>Reconciliation of cash flow from operating activities with profit after income tax</b>		
	Profit after income tax	10,157	11,872
	Non-cash items:		
	- Depreciation	2,288	949
	- Amortisation	4,450	3,576
	- Doubtful debt expense	338	-
	- Net finance (income)/costs	(180)	226
	- Gain on disposal	-	(13)
	- Movement in foreign exchange reserve	-	(82)
	- Gain on sale of discontinued operation	-	(2,585)
	- Share based payment expense	921	1,239
	- Share of profit from equity accounted investees	(13)	(118)
	- Unwinding of contingent consideration	146	-
	Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
	- (Increase)/decrease in trade debtors	(3,242)	(439)
	- (Increase) in other assets	(1,325)	(1,725)
	- Increase/(decrease) in payables	2,997	69
	- Increase in current tax liabilities	(934)	189
	- Increase in deferred taxes payable	3,447	4,364
	- (Decrease) in other liabilities	(53)	(25)
	- (Decrease)/increase in deferred revenue	338	(45)
	- (Decrease)/increase in provisions	1,287	(373)
	Cash flow from operating activities	20,622	17,079

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**Note 27            Subsequent events**

Subsequent to the year-end the Directors declared a fully franked final FY 2015 dividend of 0.91 cents per share. As the final dividend was not declared or resolved to be paid by the Board of Directors as at 30 June 2015, the dividend has not been provided for in the consolidated statement of financial position. The dividend has a record date of 15 September 2015 and will be paid on 30 September 2015.

On 31 July 2015, the Group entered into an arrangement with certain shareholders of CCL to acquire shares that brought the Group's holding to 51%. Following this event, a shareholder vote in relation to a Scheme of Arrangement was held. The Scheme was approved by the shareholders and by the Takeover Regulation Panel in South Africa. From 4 September 2015 WiseTech controlled 100% of CCL and it will be treated as a wholly owned subsidiary from that date forward. The net assets on acquisition are \$5.8m and the purchase price is ZAR5.50 per share which represents a total acquisition value of \$25.0m.

Other than the events disclosed above, there has not arisen in the interval between the end of the financial 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 28            Contingent assets and contingent liabilities**

There were no contingent assets or liabilities that have been incurred by the Group in relation to 2015 or 2014.

**Note 29            Parent entity information**

As at, and throughout, the financial year ending 30 June 2015 the parent entity of the Group was WiseTech Global Pty Limited.

*In thousands of AUD*

	<b>2015</b>	<b>2014</b>
<b>Result of parent entity</b>		
Profit for the year	8,362	11,879
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>8,362</u>	<u>11,879</u>

**Financial position of parent entity at year end**

Current assets	27,213	2,850
Total assets	133,289	56,553

Current liabilities	10,920	4,264
Total liabilities	52,644	18,695

**Total equity of parent entity comprising:**

Share capital	44,869	9,006
Reserves	1,691	1,107
Retained earnings	34,085	27,745
<b>Total equity</b>	<u>80,645</u>	<u>37,858</u>

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**(a) Parent entity contingent liabilities**

There were no contingent liabilities that have been incurred by the Group in relation to 2015 or 2014.

**(b) Parent entity capital commitments for acquisition of property, plant and equipment**

The parent entity has no capital commitments at 30 June 2015 (2014: \$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 30            Controlled entities**

	Country of incorporation	Percentage owned (%)	
		2015	2014
<b>Parent entity</b>			
WiseTech Global Pty Limited	Australia		
<b>Subsidiaries</b>			
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	100
- Translogix (Australia) Pty Ltd	Australia	100	100
- Translogix Holdings Pty Ltd *	Australia	0	100
- Translogix International Pty Ltd *	Australia	0	100
<b>New acquisitions this year</b>			
- Core Freight System (Pty) Ltd	South Africa	100	0

\* The companies have been deregistered during the year.



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**Note 31            Discontinued operations**

This note relates to the year ended to 30 June 2014 and is included for completeness.

On 31 January 2014, the Group sold eHealthWise following a strategic decision to place greater focus on the Group's key competencies being the development of Cloud-based software solutions for logistics service providers.

eHealthWise was not previously classified as held-for-sale or as a discontinued operation.

<b>Results of discontinued operation</b>	<b>2014</b>
<i>In thousands of AUD</i>	
Revenue	725
Expenses	<u>(251)</u>
<b>Results from operating activities</b>	<b>474</b>
Income tax	<u>(108)</u>
<b>Results from operating activities, net of tax</b>	<b>366</b>
Gain on sale of discontinued operation	2,585
Acquisition expenses	(426)
Income tax on gain on sale of discontinued operation	<u>(665)</u>
<b>Profit (loss) for the year</b>	<b><u>1,860</u></b>

The profit from the discontinued operation of \$1,860,397 in 2014 is attributable entirely to the owners of the Company.

**Cash flows from (used in) discontinued operation**

<i>In thousands of AUD</i>	<b>2014</b>
Net cash used in operating activities	(7)
Net cash from investing activities	<u>2,484</u>
Net cash flow for the year	<b><u>2,477</u></b>

**Effect of disposal on the financial position of the Group**

<i>In thousands of AUD</i>	<b>2014</b>
Goodwill	(49)
Trade and other receivables	(22)
Cash and cash equivalents	(16)
Trade and other payables	24
Provisions	38
Deferred revenue	<u>111</u>
<b>Net assets and liabilities</b>	<b><u>86</u></b>
Consideration received, satisfied in cash	2,500
Cash and cash equivalents disposed of	<u>(16)</u>
<b>Net cash inflow</b>	<b><u>2,484</u></b>

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**Note 32            Financial instruments - fair values and risk management**

**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.

**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.

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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.

**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.

**(a) Accounting classifications and fair values**

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

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<i>In thousands of AUD</i>	<b>Carrying amount</b>	<b>30 June 2015 fair value</b>	<b>Carrying amount</b>	<b>30 June 2014 fair value</b>
Cash at bank and on hand	43,148	43,148	3,817	3,817
Short-term bank deposits	7	7	7	7
Trade receivables	7,842	7,842	4,433	4,433
Equity securities - available for sale	2,018	2,018	-	-
Trade and other payables	(5,706)	(5,706)	(2,765)	(2,765)
Bank overdraft	(50)	(50)	-	-
Bank loan	(24,000)	(24,000)	(5,000)	(5,000)
Finance lease liabilities	(6,675)	(6,675)	(1,683)	(1,683)
Contingent consideration	(4,487)	(5,143)	-	-
	<u>12,097</u>	<u>11,441</u>	<u>(1,191)</u>	<u>(1,191)</u>

**Fair value hierarchy**

The Group has financial instruments carried at fair value at 30 June 2015 in relation to contingent consideration arising out of the acquisition of Zsoft and equity securities in relation to shares held in Softship. The contingent consideration is deemed to be a Level 3 measurement of fair value which will be paid over the period from the acquisition date through to FY2018 and has been discounted accordingly based on a number of milestones up until 31 December 2017 including the successful integration of customers into CargoWise One.

The fair value of the Softship equity securities are a Level 2 measurement of fair value based on quoted prices of the security which is listed on the Frankfurt Stock Exchange.

**(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 an Audit 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.

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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 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:

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
<b>Financial assets</b>		
Cash at bank and on hand	43,148	3,817
Short term deposits	7	7
Trade and other receivables	7,842	4,433
<b>Total</b>	<u>50,997</u>	<u>8,257</u>

Trade and other receivables that were not impaired as at 30 June 2015 were as follows:

<i>In thousands of AUD</i>	<b>2015</b>	<b>2014</b>
Not past due	6,741	1,948
Past due 0-30 days	591	1,070
Past due 31-60 days	167	206
Past due more than 60 days	343	1,086
	<u>7,842</u>	<u>4,310</u>

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

<i>In thousands of AUD</i>	
Balance at 30 June 2013	38
Impairment loss recognised	15
Amount written off	-
Balance at 30 June 2014	<u>53</u>
Impairment loss recognised	218
Amount written off	<u>(145)</u>
Balance at 30 June 2015	<u>126</u>

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*Cash and cash equivalents*

The Group held cash and cash equivalents of \$43,154,717 at 30 June 2015 (2014: \$3,824,089). The cash and cash equivalents are held with credit worthy bank and financial institution counterparties.

*(iii) Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations 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 debt 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 2015**

<i>In thousands of AUD</i>	<b>Contractual cash flow</b>			
	<b>Carrying amount</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
<b>Non-derivative financial liabilities</b>				
Bank overdraft	50	(50)	(50)	-
Bank loans	24,000	(26,916)	(972)	(25,944)
Contingent consideration	4,487	(5,143)	(1,577)	(3,566)
Finance lease liabilities	6,675	(7,309)	(4,089)	(3,220)
Trade payables	1,323	(1,323)	(1,323)	-
Sundry payables and accrued expenses	4,383	(4,383)	(4,383)	-
	<b>40,918</b>	<b>(45,124)</b>	<b>(12,394)</b>	<b>(32,730)</b>

**30 June 2014**

<i>In thousands of AUD</i>	<b>Contractual cash flow</b>			
	<b>Carrying amount</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
<b>Non-derivative financial liabilities</b>				
Bank loans	5,000	(5,980)	(327)	(5,653)
Finance lease liabilities	1,683	(1,852)	(801)	(1,051)
Trade payables	887	(887)	(887)	-
Sundry payables and accrued expenses	1,878	(1,878)	(1,878)	-
	<b>9,448</b>	<b>(10,597)</b>	<b>(3,893)</b>	<b>(6,704)</b>

*(iv) Market risk*

Market risk is the risk that changes in market prices – such as equity prices, 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.

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*Currency risk*

Currency risk is the risk that the fair value of future cash flows of a 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.

<i>In thousands of AUD</i>	<b>Nominal amount</b>	
	<b>2015</b>	<b>2014</b>
Financial assets	43,155	3,824
Financial liabilities	(24,000)	(5,000)
	19,155	(1,176)

*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 \$187,770 (2014:\$11,759). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

*Other market price risk*

The Group is exposed to equity price risk which arises from available-for-sale equity securities in relation to the investment in Softship. Any movements in the share price will result in changes within OCI through to the Fair Value Reserve within equity and the Other Investment balance.

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**Note 33 Summary of other 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 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's)**

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;



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- 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.

**(b) 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.

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**(c) 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.

**(d) 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 2014 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 with early adoption 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.

(ii) *AASB 15 Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The IASB has agreed to defer the mandatory application of IFRS 15 to years beginning on or after 1 January 2018. The AASB is yet to confirm this deferral. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15.

**WISETECH GLOBAL PTY LIMITED  
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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 9 to 50 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 2015 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 Alexandria, NSW the 29<sup>th</sup> day of September 2015.



Richard John White

Director



## **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 (the company), which comprises the consolidated statement of financial position as at 30 June 2015, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group 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 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

#### *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. These Auditing 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 judgement, 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 of the financial report that gives a true and fair view 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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*.



*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 2015 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

29 September 2015