APPENDIX 4E
WiseTech Global Limited
For the year ended 30 June 2017

Results for announcement to the market

Reported				
Revenue from ordinary activities ($000)	Up	50%	to	153,759
Profit from ordinary activities after tax attributable to members ($000)	Up	1,371%	to	31,860
Net profit for the period attributable to members ($000)	Up	1,371%	to	31,860
Earnings per share (cents)	Up	1,263%	to	10.9

Dividends - Ordinary shares	**Amount per security**	**Franked amount per security**	**Record date**	**Payment date**
FY17 interim dividend	1.0 cents	1.0 cents	13 March 2017	4 April 2017
FY17 final dividend	1.2 cents	1.2 cents	11 September 2017	4 October 2017

Dividend reinvestment plan

The Company has a dividend reinvestment plan (DRP) under which eligible shareholders can reinvest all or part of any dividends to acquire additional WiseTech shares. The price of the shares under the DRP will be the volume weighted average price per share of all shares sold in the ordinary course of trading on the ASX for the five trading days from 13 September 2017 to 19 September 2017, rounded to the nearest cent. The last date receipt of election notices from shareholders wanting to commence, cease or vary their participation in the DRP for the 2017 final dividend is by 5.00pm (Sydney time) on 12 September 2017.

Net tangible asset backing

Net tangible asset backing per ordinary share: $0.28 (2016: $0.34).

Entities for which control has been gained

During the year, the Group acquired the following entities. The details are as follows:

Acquired entity	**Date control gained**	**Contribution to current year profit/(loss) $000**	**Contribution to prior year profit $000**
Softship AG (76.97%) - Softship America Inc - ASISTIM GmbH (50%) - Softship Dataprocessing Pte Ltd - Softship Inc	1 July 2016	738	-
znet group GmbH - znet Clearing GmbH & Co. KG - znet Consulting GmbH & Co. KG	31 January 2017	(97)	-
ACO Informatica S.r.l.	9 February 2017	(102)	-

Audit

This report is based on accounts which are currently unaudited.

Operating and Financial Review
WiseTech Global Limited
For the year ended 30 June 2017

Review of operations

Principal activities

We are a leading provider of software solutions to the logistics industry globally. We develop, sell and implement software solutions that enable logistics service providers to facilitate the movement and storage of goods and information domestically and internationally. We provide our solutions to more than 7,000 customers worldwide, across over 125 countries supported through offices in Australia, New Zealand, China, Singapore, South Africa, the United Kingdom, the United States, Germany, Italy and Brazil.

Our industry-leading flagship technology, CargoWise One, is a deeply integrated global software solution for logistics service providers that enables our customers to execute highly complex logistics transactions and manage their operations on one database across multiple users, functions, offices, countries and languages. We operate our own data centres and deliver our CargoWise One software principally through the cloud. We provide our software as a service, which customers access as needed and pay for usage monthly. Our customers range from large multinational companies to small and mid-sized regional and domestic enterprises. 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 in a global integrated software platform.

Innovation and productivity are at the core of what we do. We invest heavily in product development and have achieved strong and profitable growth during our history. Through innovation and acquisition, we are expanding CargoWise One's integrated global platform. Our vision is of a comprehensive global logistics execution solution for our customers capable of managing from the first-mile road movement, connecting to long-haul air, sea, rail and road, crossing complex borders, while navigating deep regulatory burdens and improved safety and productivity through data and device integration, global visibility and system manageability.

In addition to strong organic growth from our existing technology platform in recent years, we have acquired logistics solution businesses in China and South Africa and, since January 2017, we have announced further acquisitions in Italy, Germany, Brazil, Australia and Taiwan. These acquisitions are at various stages of completion and integration and, once fully integrated, they will expand the functionality, scope and value of our industry-leading technology and provide strong bases for further accelerating our organic growth.

Summary of statutory financial performance

During the period, we delivered significant revenue growth of 50% compared to the prior year through strong organic growth across our business, further accelerated by strategic acquisitions.

Operating profit increased 795% to $41.5m compared to $4.6m in the prior year (FY16 included IPO and related costs of $16.7m).

Net profit after tax rose 1386% to $32.2m from $2.2m in the prior year. Net profit attributable to equity holders of the parent increased 1371% to $31.9m (FY16: $2.2m).

Summary financial results[1]	**FY17 $m**	**FY16 $m**	**Change $m**	***Change %***
Recurring monthly and annual software usage revenue	142.4	101.2	41.2	*41*
One Time Licences and support services	11.4	1.6	9.8	*613*
Total revenue	**153.8**	**102.8**	**51.0**	***50***
Cost of revenues	(26.1)	(15.4)	(10.7)	*69*
Gross profit	**127.7**	**87.4**	**40.3**	***46***
Product design and development[2]	(35.6)	(30.4)	(5.2)	*17*
Sales and marketing	(16.7)	(22.8)	6.1	*(27)*
General and administration	(33.9)	(29.5)	(4.4)	*15*
Total operating expenses	**(86.2)**	**(82.8)**	**(3.4)**	***4***
Operating profit	**41.5**	**4.6**	**36.9**	***795***
Net finance income/(costs)	2.7	(1.2)	3.9	*(325)*
Share of loss of equity accounted investees	(0.1)	n/a	(0.1)	*n/a*
Profit before income tax	**44.2**	**3.5**	**40.7**	***1180***
Tax expense	(12.0)	(1.3)	(10.7)	*823*
Net profit after tax	**32.2**	**2.2**	**30.0**	***1386***
Net profit after tax attributable to:				
Equity holders of the parent	31.9	2.2	29.7	*1371*
Non-controlling interests	0.3	-	n/a	*n/a*
Net profit after tax	**32.2**	**2.2**	**30.0**	***1386***

Key financial metrics	**FY17**	**FY16**	**Change**
Recurring revenue %	93%	98%	(5)pp
Gross profit margin %	83%	85%	(2)pp
Product design and development as % total revenue[2]	23%	30%	(7)pp
Sales and marketing as % total revenue	11%	22%	(11)pp
General and administration as % total revenue	22%	29%	(7)pp
Capitalised development cost ($m)[3]	22.0	17.7	4.3
R&D as a % of total revenue[4]	33%	40%	(7)pp

1. *Differences in tables are due to rounding.*
2. *Product design and development expense includes $7.2m ($7.0m in the prior year) depreciation and amortisation but excludes capitalised development amounts.*
3. *Includes patents and purchased external software licences.*
4. *R&D is total investment in Product design and development expense, excluding depreciation and amortisation, and including Capitalised development cost each year.*

Review of operations (continued)

Revenue

Total revenue grew 50% to $153.8m (FY16: $102.8m). Our revenue growth came from:

- revenue growth from our existing customer base
- revenue growth from new customers won in the year, the full year impact of customers won in FY16 and growth from customers won in FY15
- revenue from acquisitions in the year.

Revenue from existing customers increased by $27.2m (26%), net of $2.4m of adverse foreign exchange movements. Growth was driven by increased usage of the CargoWise One technology platform, the impact of the commencement of the DHL Global Forwarding contract and the transition of certain large customers previously on temporary pricing arrangements to standard transaction licence models.

Revenue growth for CargoWise One was achieved across all existing customer cohorts.

New customer revenue increased by $7.5m (FY16: $7.8m), being $8.2m of new customer growth partially offset by $0.7m adverse foreign exchange movements (FY16: $1.5m benefit). New customer revenue increased 30% year on year once adjusted for the impact of currency.

Revenue from customers on acquired platforms arises from customers not yet transitioned onto CargoWise One and increased by $16.3m (FY16: $9.9m) including acquisitions completed in FY17 and growth from prior acquisitions in South Africa, China and Australia. Year on year growth for these acquisitions is typically lower than the growth experienced for customers on our CargoWise One platform. In the current year, revenues from previously acquired customers increased by $0.8m. Revenue contributions from the businesses acquired during FY17 were:

- $14.1m - Softship AG, gained control on 1 July 2016
- $1.4m - znet group GmbH, acquired 31 January 2017 and ACO Informatica S.r.l., acquired 9 February 2017.

The increase in *OTL and Support Services* revenue reflects the revenue generated by the acquired businesses.

Foreign exchange Our revenue is invoiced in a range of currencies, reflecting the global nature of our customer base, and as a result may be positively or negatively impacted by movements in foreign exchange rates.

Recurring revenue Excluding the impact of acquisitions, we increased our recurring revenue to 99% of total revenue (FY16: 98%).

Licensing and transition All new CargoWise One customers use our transaction-based Seat plus Transaction Licensing (STL) revenue model. Over time, we have transitioned our CargoWise One customer base from historical One-Time Licence (OTL) agreements to On-Demand licence models (licensing based on either module use or on STL) and this transition is substantially complete, reflected in 92% of revenue from On-Demand licence excluding FY17 acquisitions (FY16: 83%).

Overall, our percentage of On-Demand licence model revenue is 83% of total revenue, reflecting acquisitions which have higher levels of OTL and consulting/service revenue compared to our CargoWise One platform. The transition of customers from our acquired businesses to On-Demand models will take time, will vary from business to business, and is a key component of our acquisition integration process.

Customer attrition Attrition rates for the CargoWise One technology platform continued to be very low at under 1% as it had been for the previous four years.

Gross profit and gross profit margin

Gross profit increased by $40.3m, up 46%, to $127.7m (FY16: $87.4m). Gross profit growth was mainly driven by revenue growth including revenue from acquisitions. The rate of increase in cost of revenues, excluding acquisitons, was lower than our revenue growth, reflecting better leverage within cost of revenues, particularly employee costs. However, overall gross profit margin including acquisitions was 83% (FY16: 85%), as acquired businesses all had lower gross profit margins than those of CargoWise One.

Operating expenses

Product design and development: We continued to invest significantly in innovation with product design and development expenses of $35.6m (FY16: $30.4m). The increase reflects our continued investment in development resources, including the full year impact of the additional development staff of the businesses acquired in FY16.

Total research and development: Total investment in R&D for the year was 33% of revenue (FY16: 40%), the change reflecting the underlying operating leverage resulting from the high rate of revenue growth. The level of capitalised development investment increased to $22.0m (FY16: $17.7m) reflecting the growth in the pipeline of innovation, addition of further skilled industry experts and developers to our teams, along with improvements in our internal development management and time capturing processes utilising our self-developed productivity tool PAVE.

Sales and marketing: During FY17, expenses reduced to $16.7m (FY16: $22.8m), 11% of revenue compared to 22% in the prior year. The change reflected cost leverage and some impact from changes in the composition of the salesforce and the structure of commission schemes. The prior year also included $6.4m of one-off costs (sales commission and employee incentive close-out costs in conjunction with our IPO). Sales and marketing expenses without the one-offs were broadly even across both years, indicating limited further sales and marketing expenditure was required to generate increased FY17 revenue.

General and administration: These expenses rose to $33.9m (FY16: $29.5m) as we invested in supporting growth of our business globally. Headcount increases included Finance (including global tax compliance and internal control functions), People and Culture (recruitment) and office support roles. We also acquired businesses with their own G&A costs and further invested in M&A and legal services costs for both our in-process transactions and those completed during the year. Even with this investment, overall general and administration expenses as a percentage of revenue were 22% (FY16: 29%), the reduction reflecting $7.5m of one-off IPO-related expenses incurred last year.

Finance income

Finance income includes a non-taxable, non-cash gain of $2.0m, which arose due to an increase in the fair value recognised in relation to the acquisition of Softship (see note 20).

Review of operations (continued)

Cash flow

We continued to generate positive cash flows, with $54.9m of net cashflow from operating activities. Investing activities included:

- $22.9m in new acquisitions, as well as contingent payments for acquisitions made in prior years (FY16: $20.0m)
- $22.0m in intangible assets as we further developed and expanded our global platform resulting in capitalised development investments for both commercialised and those products yet to be launched (FY16: $17.7m)
- $6.9m was invested in fixed assets related to our data centres to enhance the scalability and reliability of our platform, increase capacity for future growth and add to our new South African office and data centre (FY16: $2.4m).

Financing activities included $7.5m (FY16: $nil) invested in treasury shares for the on-market purchase of shares to satisfy employee incentive commitments and $3.7m (FY16: $3.4m) of repayment of finance leases.

Dividends of $2.7m (FY16: $3.8m) were paid, with shareholders choosing to reinvest an additional $0.2m of dividends via the dividend reinvestment plan.

Delivery on our growth strategy

The key strategic developments in the year were:

Expansion of our global platform

We invested $50.4m and over 50% of our people in product development, further expanding our pipeline of commercialisable innovations and delivering over 680 product upgrades seamlessly across the CargoWise One global platform.

- These hundreds of upgrades include initiatives such as:
    - global container tracking to target the 650m TEU[1] that move worldwide each year
    - automations in supply chain security for air cargo screening to reduce risks at the border and in the air
    - WiseRates rating and pricing automation engine
    - integrations in shipping port and cartage
    - carrier connectivity electronic booking
    - global address validation and master file or data deduplication to prevent futile trips, risks and fines.
- Larger pipeline components include:
    - architecture engine, GLOW, which we utilise internally to deliver more rapid development capability for our teams and which is accelerating our new product pipeline commercialisation.
    - Universal Customs Engine which is designed to deliver complex, multi-year customs localisation projects in a fraction of the time and which is accelerating the pace of integration of the customs solutions businesses we are acquiring in key regions.
- PAVE, our Productivity Acceleration and Visualisation Engine, is nearing completion and is in the process of commercialising, having delivered significant productivity improvements in development partner tests. We expect this to be made available across the global platform later in FY18.

1. Twenty-foot equivalent unit, a measure of cargo capacity.

Additionally, within our innovation pipeline we are investing research and development resources into machine learning, natural language processing, robotic process automation and guided decision support, all of which must be driven by large volume transaction data and deep learning around vast border agency data sets, compliance, due diligence and risk assessment and mitigation.

With our deeply integrated global platform, relentless innovation and rapid development capability, we are uniquely placed to address future logistics execution and cross-border compliance needs. Given the advent of global border initiatives such as Trade Single Window, Trusted Trader, Known Shipper, C-TPAT, AEO and Supply Chain Security plus an ever-increasing critical need to secure borders and ensure that international trade is both safe and efficient, we see the innovation investment we make and the work we do as vital to the next generation of cross-border compliance.

Greater usage by existing customers

- We achieved strong existing customer revenue growth of $27.2m (80% up on the $15.1m growth in the prior year). This growth was generated by:
    - our large customer base increasing their use of the CargoWise One platform, adding transactions, users and geographies and moving into more modules
    - DHL Global Forwarding commencing their global freight forwarding rollout[1]
    - large customers transitioning to transaction-based licence arrangements.
- Increasing usage by many of the world's largest freight forwarding groups including DSV, Geodis, Yusen, Mainfreight, DHL and JAS which are in various stages of global rollout for the freight forwarding module. Overall, 23 of the top 25 global freight forwarders are customers.
- Increased usage by existing customers is facilitated by the transition of customer licensing for our CargoWise One platform to an almost exclusively On-Demand, access-as-needed, licence model.
- 32 of the top 50 global 3PLs are customers
- During the year, we experienced significant growth in revenue from larger customers, yet our top 10 customers contribute only 27% of revenue (FY16: 21%).

Increasing the number of new customers on the platform

We continued to enjoy strong new customer growth as our On-Demand commercial model encourages customers of all sizes to migrate from outdated platforms. New customer wins in FY17 progressed in the mid-market (100-500 users) and sign-ons with larger 3PL customers, including Morrison, Clasquin, and Allport Cargo Services, which commenced on-boarding and will roll-out over the coming years. As we increase our global penetration, we also continue to sign new customer deals with customers where we have a pre-existing relationship in another region. We allocate those new customers to our existing customers' revenue.

[1] The DHL Global Forwarding contract is expected to deliver $60m revenue over the initial 4.5year rollout period. The contract commenced 1 July 2016.

Review of operations (continued)

Stimulated network effects

We harness important natural network effects that exist because of the necessarily collaborative nature of supply chain execution and the inherent effect of our deeply integrated global platform. We further stimulate these effects with targeting partner programs. We currently have over 200 external WisePartner organisations across the world, actively referring, promoting or implementing our platform.

In addition, each new geography and adjacency we acquire adds a valuable point on our strategic map, accelerates the network effects and makes CargoWise One even more compelling to local and global logistics providers and their customers. Cargowise One has experienced good growth of users from South Africa and China in part a reflection of our stronger presence in those countries as a result of the acquisitions.

Accelerating organic growth through acquisitions

In line with our stated strategy of accelerating long-term organic growth through small, targeted, valuable acquisitions across new geographies and adjacencies, throughout FY17 and to August 2017:

- We acquired and commenced integration of German customs software vendor, znet group GmbH (znet) on 31 January 2017 and Italian customs software vendor ACO Informatica S.r.l. (ACO) on 9 February 2017. We believe these acquisitions will provide valuable footholds in key European geographies and will enhance the value of our technology platform by providing customers with increased functionality and efficiency opportunities in key European trading geographies. The initial product interface for both is integrated to our platform and we have commenced building out the embedded customs component for each. Business integration is progressing well.
- We gained control of, and further increased our ownership share in, Softship AG (Softship), the leading provider of logistics software solutions to the global ocean-carrier industry.
- On 1 August 2017, we completed the acquisition of Bysoft Solucoes em Sistemas Para Comercio Exterior Ltda (Bysoft), the largest provider of customs and logistics compliance solutions to the logistics industry across Brazil. This provides a significant foothold in the largest South American market and the opportunity to integrate the Bysoft customs solution into CargoWise One for the benefit of all existing customers.
- On 9 August 2017, we acquired the Digerati business, a leading provider of tariff research and compliance tools utilised by the Australasian customs broking community which we will utilise to enhance our pipeline on cross-border compliance.
- On 11 August 2017, we announced the acquisition of the Prolink business, a leading provider of customs and forwarding solutions across Taiwan and China which gives us additional regional strength to accelerate our growth throughout Asia.
- On 14 August 2017, we announced the acquisition of CMS Transport Systems Pty Ltd, a leading Australasian provider of road transport and logistics management systems. This timely acquisition will allow us to further accelerate our local developments in land transport and integrated telematics.

We have also invested in developing our potential acquisition pipeline of near-, mid- and long-term opportunities and in building out our internal M&A capabilities and integration processes to execute and embed acquisitions.

Post balance date events

As summarised above, we have announced a number of strategic acqusitions since 30 June 2017. Further details can be found in note 30. In addition, on 18 August, we announced an offer to acquire any and all outstanding shares of Softship, of which we are the majority shareholder.

Since the period end, the Directors have declared a fully-franked final dividend of 1.2 cents per share, payable 4 October 2017. The dividend will be recognised in subsequent financial statements.

Expectation for year ending 30 June 2018

The strong momentum of the Group's performance during FY17 combined with 99% recurring revenue (excluding acquisitions), annual customer attrition rate of less than 1% and continued expansion across our global business give us confidence to expect for FY18[2] revenue of $200m - $210m, revenue growth of 30% - 37%, EBITDA of $71m - $75m and EBITDA growth of 32% - 39%.

[2] Our revenue is invoiced in a range of currencies, reflecting the global nature of our customer base and as a result is impacted by movements in foreign exchange rates. Our FY18 guidance is based on rates provided within the Investor Briefing Materials released to the ASX on 23 August 2017.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2017

	Notes	2017 $000	2016 $000
Revenue	3	153,759	102,809
Cost of revenues		(26,055)	(15,416)
Gross profit		**127,704**	**87,393**
Product design and development		(35,609)	(30,429)
Sales and marketing		(16,729)	(22,815)
General and administration		(33,869)	(29,510)
Total operating expenses		**(86,207)**	**(82,754)**
Operating profit		**41,497**	**4,639**
Finance income	4	4,627	1,255
Finance costs	26	(1,896)	(2,442)
Net finance income/(costs)		**2,731**	**(1,187)**
Share of (loss)/profit of equity accounted investees, net of tax		**(64)**	**-**
Profit before income tax		**44,164**	**3,452**
Income tax expense	5	(11,972)	(1,285)
Net profit for the year		**32,192**	**2,167**
Net profit for the year attributable to:			
Equity holders of the parent		31,860	2,167
Non-controlling interests		332	-
		32,192	**2,167**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		3,580	(4,208)
Fair value of available-for-sale financial assets reclassified to profit or loss		(2,046)	-
Net gain on available-for-sale financial assets		194	2,020
Other comprehensive income/(loss) for the year, net of tax		**1,728**	**(2,188)**
Total comprehensive income/(loss) for the year		**33,920**	**(21)**
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the parent		33,593	(21)
Non-controlling interests		327	-
		33,920	**(21)**
		Cents	**Cents**
Earnings per share			
Basic earnings per share	6	10.9	0.8
Diluted earnings per share	6	10.9	0.8

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

Consolidated statement of financial position

As at 30 June 2017

	Notes	2017 $000	2016 $000
Assets			
Current assets			
Cash and cash equivalents	10	101,603	109,527
Trade receivables	11	13,827	12,102
Current tax receivables		1,754	1,747
Other current assets	12	5,399	3,668
Total current assets		**122,583**	**127,044**
Non-current assets			
Intangible assets	8	133,720	96,852
Property, plant and equipment	9	16,838	13,361
Deferred tax assets	5	1,554	-
Equity accounted investees		176	-
Equity securities - available for sale		-	4,303
Other non-current assets	12	1,355	4,219
Total non-current assets		**153,643**	**118,735**
Total assets		**276,226**	**245,779**
Liabilities			
Current liabilities			
Trade and other payables	13	15,246	8,684
Borrowings	16	2,694	3,659
Deferred revenue	14	12,568	13,380
Current tax liabilities		2,452	1,620
Employee benefits	21	6,203	4,902
Other current liabilities	15	3,236	4,182
Total current liabilities		**42,399**	**36,427**
Non-current liabilities			
Borrowings	16	1,151	2,665
Employee benefits	21	754	699
Deferred tax liabilities	5	13,664	8,031
Other non-current liabilities	15	4,496	1,781
Total non-current liabilities		**20,065**	**13,176**
Total liabilities		**62,464**	**49,603**
Net assets		**213,762**	**196,176**
Equity			
Share capital	17	166,606	165,571
Reserves		(8,335)	5,354
Retained earnings		53,855	25,251
Equity attributable to equity holders of the parent		**212,126**	**196,176**
Non-controlling interests		1,636	-
Total equity		**213,762**	**196,176**

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

Consolidated statement of changes in equity

For the year ended 30 June 2017

	Notes	Share capital	Treasury share reserve	Acquisition reserve	Fair value reserve	Share - based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance as at 1 July 2015		**44,869**	**-**	**-**	**(168)**	**1,692**	**(283)**	**26,897**	**73,007**	**-**	**73,007**
Net profit for the year		-	-	-	-	-	-	2,167	2,167	-	2,167
Other comprehensive income/(loss)		-	-	-	2,020	-	(4,208)	-	(2,188)	-	(2,188)
Total comprehensive income/(loss)		-	-	-	2,020	-	(4,208)	2,167	(21)	-	(21)
Transactions with owners											
Issue of share capital (net of issue costs)	17	119,989	-	-	-	-	-	-	119,989	-	119,989
Vesting of share rights	17	713	-	-	-	(713)	-	-	-	-	-
Equity settled share-based payment expense		-	-	-	-	7,014	-	-	7,014	-	7,014
Dividends declared	7	-	-	-	-	-	-	(3,813)	(3,813)	-	(3,813)
Balance as at 30 June 2016		**165,571**	**-**	**-**	**1,852**	**7,993**	**(4,491)**	**25,251**	**196,176**	**-**	**196,176**

Consolidated statement of changes in equity (continued)

	Notes	Share capital	Treasury share reserve	Acquisition reserve	Fair value reserve	Share - based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
		$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Balance as at 1 July 2016		**165,571**	**-**	**-**	**1,852**	**7,993**	**(4,491)**	**25,251**	**196,176**	**-**	**196,176**
Net profit/(loss) for the year		-	-	-	-	-	-	31,860	31,860	332	32,192
Other comprehensive income/(loss)		-	-	-	(1,852)	-	3,585	-	1,733	(5)	1,728
Total comprehensive income/(loss)		**-**	**-**	**-**	**(1,852)**	**-**	**3,585**	**31,860**	**33,593**	**327**	**33,920**
Transactions with owners											
Issue of share capital (net of issue costs)	17	864	(864)	-	-	-	-	-	-	-	-
Dividends declared	7	-	-	-	-	-	-	(2,913)	(2,913)	-	(2,913)
Shares issued under dividend reinvestment plan	17	241	-	-	-	-	-	-	241	-	241
Vesting of share rights	17	-	864	-	-	(521)	-	(343)	-	-	-
Vesting shares withheld		-	(133)	-	-	-	-	-	(133)	-	(133)
Transaction costs	17	(70)	-	-	-	-	-	-	(70)	-	(70)
Treasury shares		-	(6,634)	-	-	-	-	-	(6,634)	-	(6,634)
Equity settled share-based payment expense		-	-	-	-	3,218	-	-	3,218	-	3,218
Dividend from subsidiary to non-controlling interest		-	-	-	-	-	-	-	-	(265)	(265)
Total contributions and distributions		**1,035**	**(6,767)**	**-**	**-**	**2,697**	**-**	**(3,256)**	**(6,291)**	**(265)**	**(6,556)**
Changes in ownership interest											
Acquisition of subsidiary with non-controlling interest		-	-	-	-	-	-	-	-	3,952	3,952
Acquisition of non-controlling interest without a change in control	20	-	-	(11,352)	-	-	-	-	(11,352)	(2,378)	(13,730)
Total changes in ownership interests		**-**	**-**	**(11,352)**	**-**	**-**	**-**	**-**	**(11,352)**	**1,574**	**(9,778)**
Balance as at 30 June 2017		**166,606**	**(6,767)**	**(11,352)**	**-**	**10,690**	**(906)**	**53,855**	**212,126**	**1,636**	**213,762**

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

Consolidated statement of cash flows

For the year ended 30 June 2017

	Notes	2017 $000	2016 $000
Operating activities			
Receipts from customers		156,189	105,390
Payments to suppliers and employees		(91,953)	(73,277)
Initial Public Offer fees paid		(755)	(6,414)
Income tax paid		(8,552)	(3,073)
Option premium paid		-	(1,544)
Net cash flows from operating activities	24	**54,929**	**21,082**
Investing activities			
Payment for intangible assets		(22,007)	(17,738)
Purchase of property, plant and equipment		(6,890)	(2,396)
Interest received		2,326	836
Acquisition of subsidiaries, net of cash acquired	20	(22,907)	(20,038)
Other investing income		298	-
Net cash flows used in investing activities		**(49,180)**	**(39,336)**
Financing activities			
Interest paid		(273)	(1,366)
Repayment of finance lease liabilities		(3,677)	(3,363)
Repayment of borrowings		(236)	(24,000)
Dividends paid	7	(2,672)	(3,813)
Dividends paid by subsidiary to non-controlling interests		(265)	-
Proceeds from issue of shares		864	125,000
Initial Public Offering costs pre-tax		-	(7,607)
Financing transaction costs		-	(221)
Treasury shares acquired		(7,498)	-
Net cash flows (used in)/from financing activities		**(13,757)**	**84,630**
Net (decrease)/increase in cash and cash equivalents		(8,008)	66,376
Cash and cash equivalents at 1 July	10	109,527	43,155
Effect of exchange differences on cash balances		84	(4)
Net cash and cash equivalents at 30 June	10	**101,603**	**109,527**

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

Notes to the financial statements

For the year ended 30 June 2017

Contents of the notes to the financial statements

For the year ended 30 June 2017

1. Corporate information

WiseTech Global Limited ("Company") is a company domiciled in Australia. The consolidated financial statements comprise the Company and its controlled entities (collectively "Group" or "WiseTech"). The Company's registered office is at Unit 3a, 72 O'Riordan Street, Alexandria, NSW 2015, Australia.

The Group is a for-profit entity and its principal business is providing software to the logistics services industry globally.

2. Basis of preparation

Statement of compliance

The preliminary financial statements ("financial statements") have been prepared in accordance with the ASX Listing Rule 4.3A and have been derived from the unaudited consolidated annual financial report. The financial statements are prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board and also comply with the International Financial Reporting Standards ("IFRS") and interpretations 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 30.

The financial statements have been prepared on an accruals basis and are based on historical costs except for:

• derivative financial assets and liabilities which are measured at fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement;* and
• deferred acquisition consideration which is measured at fair value in accordance with AASB 13 *Fair Value Measurement.*

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 consolidated annual financial report is in the process of being audited and is expected to be made available on 22 September 2017. This preliminary final report does not include all the notes of the type normally included in a consolidated annual financial report. Accordingly, this report should be read in conjunction with any public announcements made by the Company during the year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

Functional and presentational currency

The financial report is presented in Australian dollars.

Rounding of amounts

The Company is of a kind referred to in Australian Securities and Investments Commission ("ASIC") Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by ASIC, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with this instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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, product design and development, sales and marketing 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.

Notes to the financial statements (continued)

For the year ended 30 June 2017

2. Basis of preparation (continued)

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.

Product design and development expenses

Product design and development expenses consist primarily of personnel and related costs (including salaries, benefits, bonuses and share-based payments) directly associated with the Company's product design and development employees, as well as allocated overheads. Under IFRS, the proportion of product design and development expenses that creates 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 amortisation of those costs capitalised is included as a product design and development expense. In FY16, expenses also included costs associated with the close out of the legacy employee incentive scheme related to development employees in conjunction with the Initial Public Offering ("IPO").

Sales and marketing expenses

Sales and marketing expenses consist of personnel and related costs (including salaries, benefits, bonuses, commissions and share-based payments) directly associated with the sales and marketing team's activities to acquire new customers and grow revenue from existing customers. Other costs included are external advertising costs, marketing costs and promotional event costs as well as allocated overheads. In FY16, sales and marketing expenses also included the accelerated expense associated with the close out of an uncapped legacy sales commission arrangement in conjunction with the IPO.

General and administration expenses

General and administration expenses consist of personnel and related costs (including salaries, benefits, bonuses and share-based payments) for the Company's executive, finance, legal, human resources and administration employees. They also include legal, accounting and other professional services fees, insurance premiums, margins, acquisitions and integration cost associated with the Company's ongoing acquisition strategy, other corporate expenses and allocated expenses. In FY16, the General and administration expenses also included professional advisory fees, legal and other expenses relating to the IPO other than those transaction costs associated with the issuance of shares (which are netted against the proceeds received from the IPO). In FY16, expenses also included costs associated with the close out of the legacy employee incentive scheme related to general and administration employees, in conjunction with the IPO.

Overhead allocation

The presentation of the Consolidated statement of profit or loss and other comprehensive income 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 information technology and non-product related depreciation and amortisation are allocated to each function based on respective headcount.

Notes to the financial statements (continued)

For the year ended 30 June 2017

3. Revenue

	2017	2016
	$000	**$000**
Recurring monthly and recurring annual software usage revenue	142,391	101,213
OTL and support services	11,368	1,596
Total revenue	**153,759**	**102,809**

Revenue is recognised for the major business activities as follows:

Recurring monthly and recurring annual software usage revenue

Revenue is recognised as the services are provided to the customer. Revenues that are unbilled at year end are recognised in the Consolidated statement of financial position as unbilled receivables and included in other current and non-current assets.

Under our "On-Demand Licences", customers are charged monthly in arrears based on their actual usage. On-Demand licences comprise Seat Plus Transaction Licences and Module User Licences. Maintenance revenues associated with One Time Licences ("OTL") are classified for presentation purposes as recurring monthly and recurring annual software usage revenue. Annual revenues from OTL maintenance revenues are recognised evenly over time as services are rendered.

OTL and support services

OTL and support services are recognised when the licences are provided and the services are delivered.

Significant accounting policies

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of discounts and amounts collected on behalf of third parties. The Company 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 its activities as described above.

4. Finance income

	2017	2016
	$000	**$000**
Fair value of available-for-sale financial asset reclassified to profit or loss (note 20)	2,046	-
Interest income	2,283	1,255
Other finance income	298	-
Total finance income	**4,627**	**1,255**

Notes to the financial statements (continued)

For the year ended 30 June 2017

5. Income tax

(a) Income tax expense

Income tax expense/(income) comprises current and deferred tax expense/(income) and is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

The components of tax expense comprise:

	2017	2016
	$000	$000
Current tax	9,707	2,773
Deferred tax	2,429	(1,629)
Adjustment for prior years - current tax	(103)	534
Adjustment for prior years - deferred tax	(61)	(393)
Income tax expense	**11,972**	**1,285**

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

	2017	2016
	$000	$000
Accounting profit before tax	44,164	3,452
Accounting profit before income tax	**44,164**	**3,452**
Add:		
At Australia's statutory income tax rate of 30% (2016: 30%)	13,249	1,036
Non-deductible expenses	88	82
Non-deductible share-based payment expense	(111)	373
Non-deductible acquisition expense	1,139	330
(Over)/under provision for income tax in prior year	(164)	141
	14,201	**1,962**
Less:		
Tax effect of:		
Different tax rates in overseas jurisdictions	10	(12)
Research and development	(1,003)	(681)
Deferred tax adjustments	(607)	20
Tax effect on fair value of available-for-sale financial asset reclassified to profit or loss	(622)	-
Other	(7)	(4)
Income tax expense	**11,972**	**1,285**

Notes to the financial statements (continued)

For the year ended 30 June 2017

5. Income tax (continued)

Significant accounting policies

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.

Notes to the financial statements (continued)

For the year ended 30 June 2017

5. Income tax (continued)

(b) Movement in deferred tax balances

2016	Opening balance $000	Charged to profit or loss $000	Charged to goodwill $000	Exchange differences $000	Charged to equity $000	Total $000
Software development costs	11,029	3,479	(148)	-	100	14,460
Customer relationships & Brands	1,524	(223)	305	(32)	-	1,574
Provisions	(1,559)	(610)	(119)	4	(6)	(2,290)
Straight-line revenue	642	33	-	-	-	675
Unrealised foreign exchange	436	(333)	-	-	-	103
Intellectual property	(91)	(191)	335	(13)	-	40
Property, plant and equipment	61	(141)	169	9	-	98
Future income tax benefits attributable to tax losses and offsets	(71)	(1,279)	(9)	(5)	-	(1,364)
Transaction costs	(106)	(916)	-	-	(2,314)	(3,336)
Employee equity compensation	-	(1,618)	-	19	-	(1,599)
Other	(95)	(223)	(2)	(10)	-	(330)
Net tax liabilities	**11,770**	**(2,022)**	**531**	**(28)**	**(2,220)**	**8,031**

	Opening balance $000	Charged to profit or loss $000	Charged to goodwill $000	Exchange differences $000	Charged to equity $000	Total $000
2017						
Software development costs	14,460	4,706	-	(8)	-	19,158
Customer relationships & Brands	1,574	(546)	633	162	-	1,823
Provisions	(2,290)	(2,241)	-	1	-	(4,530)
Straight-line revenue	675	269	-	-	-	944
Unrealised foreign exchange	103	26	-	1	-	130
Intellectual property	40	(178)	788	(48)	-	602
Property, plant and equipment	98	(577)	-	22	-	(457)
Future income tax benefits attributable to tax losses and offsets	(1,364)	1,403	-	17	-	56
Transaction costs	(3,336)	839	-	-	70	(2,427)
Employee equity compensation	(1,599)	(1,559)	-	126	-	(3,032)
Other	(330)	226	-	(53)	-	(157)
Net tax liabilities	**8,031**	**2,368**	**1,421**	**220**	**70**	**12,110**

Critical accounting estimates and assumptions

The Group is subject to tax in numerous jurisdictions. Significant judgement 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 was 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.

Notes to the financial statements (continued)

For the year ended 30 June 2017

5. Income tax (continued)

Unrecognised deferred tax assets

Deferred tax assets of $0.4m have not been recognised in respect of the carried forward losses held by a subsidiary of the Group.

6. Earnings per share ("EPS")

The following reflects the income and share data used in the basic and diluted EPS computations:

(a) Basic EPS

	2017	2016
Profit attributable to equity holders of the Company ($000)	31,860	2,167
Basic weighted average number of ordinary shares	292,953,647	261,875,342
Basic EPS (cents)	10.9	0.8

(b) Diluted EPS

Profit attributable to equity holders of the Company ($000)	31,860	2,167
Basic weighted average number of ordinary shares	292,953,647	261,875,342
Shares issuable in relation to equity-based compensation schemes	336,807	-
Diluted weighted average number of ordinary shares	293,290,454	261,875,342
Diluted EPS (cents)	10.9	0.8

Significant accounting policies

Basic EPS is calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the financial statements (continued)

For the year ended 30 June 2017

7. Dividends

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

The following dividends were declared and paid by the Company during the year:

	2017	2016
	$000	**$000**
Dividends on ordinary shares declared:		
Final dividend: FY16 nil cents per share (FY15: 0.91 cents)	-	2,300
Interim dividend: FY17 1.0 cent per share (FY16: 0.60 cents per share)	2,908	1,513
Other*	5	-
	2,913	**3,813**

Shares to the value of $0.2m were acquired by shareholders under the DRP with respect to the FY17 interim dividend.

* In November 2016, dividend payments totalling $4,738.79 were paid in arrears to certain employees and former employees in relation to dividends from the period from January 2013 to September 2015 in respect of unvested shares.

	2017	2016
Franking credit balance		
Franking amount balance as at the end of the financial year	**3,187**	**598**
Final dividend on ordinary shares:		
Final dividend for FY17: 1.2 cents per share (FY16: 0 cents per share)	**3,490**	**-**

After the reporting date, a dividend of 1.2 cents per share was declared by the Board of Directors. The dividend has not been recognised as a liability and will be franked at 100%.

Notes to the financial statements (continued)

For the year ended 30 June 2017

8. Intangible assets

	Computer software	Development costs (WIP)	External software licences	Goodwill	Intellectual property	Customer relationships	Trade names	Patents	Total
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
At 30 June 2015									
Cost	30,051	15,058	1,583	20,302	8,848	6,707	-	-	82,549
Accumulated amortisation and impairment	(8,345)	-	(119)	(63)	(6,497)	(1,523)	-	-	(16,547)
Net book value	**21,706**	**15,058**	**1,464**	**20,239**	**2,351**	**5,184**	**-**	**-**	**66,002**
At 1 July 2015	21,706	15,058	1,464	20,239	2,351	5,184	-	-	66,002
Additions	-	15,960	1,674	-	-	-	-	104	17,738
Transfers	8,796	(8,796)	-	-	-	-	-	-	-
Amortisation	(4,405)	-	(383)	-	(916)	(899)	(63)	-	(6,666)
Acquisition via business combination	-	-	-	20,983	1,025	1,337	647	-	23,992
Exchange differences	-	-	-	(3,541)	(315)	(261)	(97)	-	(4,214)
Net book value at 30 June 2016	**26,097**	**22,222**	**2,755**	**37,681**	**2,145**	**5,361**	**487**	**104**	**96,852**
At 30 June 2016									
Cost	38,847	22,222	3,257	37,744	9,558	7,783	550	104	120,065
Accumulated amortisation and impairment	(12,750)	-	(502)	(63)	(7,413)	(2,422)	(63)	-	(23,213)
Net book value	**26,097**	**22,222**	**2,755**	**37,681**	**2,145**	**5,361**	**487**	**104**	**96,852**

Notes to the financial statements (continued)

For the year ended 30 June 2017

8. Intangible assets (continued)

	Computer software	Development costs (WIP)	External software licences	Goodwill	Intellectual property	Customer relationships	Trade names	Patents	Total
At 1 July 2016	26,097	22,222	2,755	37,681	2,145	5,361	487	104	96,852
Additions	-	21,266	658	-	-	-	-	83	22,007
Transfers	11,869	(11,869)	120	-	(120)	-	-	-	-
Reclassification	-	-	(595)	-	-	-	-	-	(595)
Amortisation	(4,893)	-	(774)	-	(1,153)	(914)	(116)	-	(7,850)
Acquisition via business combination	-	-	612	14,614	2,638	1,292	839	-	19,995
Exchange differences	-	137	(162)	3,002	51	236	47	-	3,311
Net book value at 30 June 2017	**33,073**	**31,756**	**2,614**	**55,297**	**3,561**	**5,975**	**1,257**	**187**	**133,720**
At 30 June 2017									
Cost	50,752	31,756	4,038	55,360	12,204	9,235	1,429	187	164,961
Accumulated amortisation and impairment	(17,679)	-	(1,424)	(63)	(8,643)	(3,260)	(172)	-	(31,241)
Net book value	**33,073**	**31,756**	**2,614**	**55,297**	**3,561**	**5,975**	**1,257**	**187**	**133,720**

Notes to the financial statements (continued)

For the year ended 30 June 2017

8. Intangible assets (continued)

Significant accounting policies

Computer software

Computer software comprises computer application system software. Costs incurred in developing products or systems and costs incurred in acquiring software 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, personnel costs, directly attributable facilities costs and related costs including on-costs and share-based payments.

Development costs (WIP)

Research expenditure is recognised as an expense as incurred. Costs incurred as development projects (relating to the design and testing of new or improved software products) are recognised as intangible assets when it is probable that the software product 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, services, direct labour and overheads. Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs are capitalised under computer software and subsequently amortised from the point at which the asset is ready for use.

External software licences

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

Goodwill

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

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 collective cash generating units (“CGUs”) 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 rate used reflects the Group's pre-tax weighted average cost of capital. No individual CGUs contain goodwill. Goodwill is maintained and monitored at the group segment level.

Intellectual property

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

8. Intangible assets (continued)

Trade names

Trade names acquired as part of a business combination are recognised separately from goodwill. They are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Patents

Patents comprise filing costs for the Group's patents. These are subsequently amortised from the point at which the asset is ready for use. They are stated at cost less accumulated amortisation and impairment losses.

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.

Intangible assets, other than goodwill, have finite useful lives. Goodwill has an indefinite useful life. The estimated useful lives are as follows:

- computer software: 3 - 10 years;
- external software licences: 3 - 10 years;
- intellectual property: 3 - 8 years;
- customer relationships: 10 years;
- trade names: 10 years; and
- patents: 1 - 10 years.

Critical judgements

Management has made judgements in respect of intangible assets when assessing whether an internal project in the development phase meets the criteria to be capitalised, 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 relationships to which value is first attributed at the time of acquisition. The capitalisation of these assets and the related amortisation charges are based on judgements about the value and economic life of such items.

The economic lives for intangible assets are estimated at between three and ten years for internal projects, which include internal use of software and internally generated software, and between three and ten years for acquired intangible assets. Management has also made judgements and assumptions when assessing the economic life of intangible assets and the pattern of consumption of the economic benefits embodied in the assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to the financial statements (continued)

For the year ended 30 June 2017

8. Intangible assets (continued)

Impairment testing for CGUs containing goodwill

At 30 June 2017, the Group is managed as one collective CGU, which reflects the lowest level of management of the groups of assets and the synergies of the business groupings. The CGU is consistent with the operating segment of the Group at 30 June 2017.

The recoverable amount of this CGU was based on value in use, estimated using discounted cash flows.

Key assumptions

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2017	**2016**
Post-tax discount rate per annum	11.0%	9.0%
Pre-tax discount rate per annum	14.2%	11.5%
Long-term perpetuity growth rate	3.0%	3.0%

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter.

Management has performed sensitivity analysis and assessed reasonably possible changes for key assumptions and have not identified any instances that could cause the carrying amount of the Group to exceed its recoverable amount.

Notes to the financial statements (continued)

For the year ended 30 June 2017

9. Property, plant and equipment

	Land and buildings	Plant and equipment	Leasehold improvements	Leasehold improvements in progress	Total
	$000	$000	$000	$000	$000
At 30 June 2015					
Cost	-	12,186	3,824	-	16,010
Accumulated depreciation	-	(5,454)	(535)	-	(5,989)
Net book value	**-**	**6,732**	**3,289**	**-**	**10,021**
At 1 July 2015	-	6,732	3,289	-	10,021
Additions	-	4,112	581	92	4,785
Acquisition via business combination	1,024	1,507	-	-	2,531
Depreciation	(18)	(3,405)	(1,105)	-	(4,528)
Exchange differences	(179)	259	472	-	552
Net book value at 30 June 2016	**827**	**9,205**	**3,237**	**92**	**13,361**
At 30 June 2016					
Cost	845	18,064	4,877	92	23,878
Accumulated depreciation	(18)	(8,859)	(1,640)	-	(10,517)
Net book value	**827**	**9,205**	**3,237**	**92**	**13,361**
At 1 July 2016	827	9,205	3,237	92	13,361
Additions	-	5,362	441	2,018	7,821
Acquisition via business combination	-	337	28	-	365
Impairment	(131)	-	-	-	(131)
Transfer	-	834	1,226	(2,060)	-
Depreciation	(14)	(3,772)	(632)	-	(4,418)
Exchange differences	139	(154)	9	(50)	(56)
Disposals	-	(104)	-	-	(104)
Net book value at 30 June 2017	**821**	**11,708**	**4,309**	**-**	**16,838**
At 30 June 2017					
Cost	975	24,309	6,166	-	31,450
Accumulated depreciation	(154)	(12,601)	(1,857)	-	(14,612)
Net book value	**821**	**11,708**	**4,309**	**-**	**16,838**

Significant accounting policies

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.

Any gain or loss on disposal of an item of plant and equipment is recognised in Consolidated statement of 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 Consolidated statement of profit or loss during the financial period in which they are incurred.

Notes to the financial statements (continued)

For the year ended 30 June 2017

9. Property, plant and equipment (continued)

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis calculated using the cost of the item less its estimated residual values over its estimated useful life. 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. Land is not depreciated.

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The annual depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2%;
Plant and equipment	5% - 50%; and
Leasehold improvements	10% - 20%.

If an asset's carrying amount is greater than its estimated recoverable amount, it is immediately written down to the recoverable amount.

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

10. Cash and cash equivalents

	2017	2016
	$000	$000
Cash at bank and on hand	16,603	19,483
Short-term deposits	85,000	90,044
Cash and cash equivalents	**101,603**	**109,527**

The effective interest rate on cash and cash equivalents was 2.24% per annum (2016: 1.36% per annum).

Significant accounting policies

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.

11. Trade receivables

	2017	2016
	$000	$000
Trade receivables	14,282	12,576
Provision for impairment of receivables	(455)	(474)
	13,827	**12,102**

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

Notes to the financial statements (continued)

For the year ended 30 June 2017

11. Trade receivables (continued)

The movement in the provision for impairment of trade receivables during the year was as follows:

	2017	2016
	$000	$000
Opening balance	474	391
Acquired from subsidiary	185	-
Impairment loss recognised	252	342
Amount written off	(456)	(259)
	455	**474**

Trade receivables that were considered recoverable as at 30 June 2017 were as follows:

	2017	2016
	$000	$000
Not past due	12,672	9,402
Past due 0 - 30 days	357	1,719
Past due 31 - 60 days	534	464
Past due more than 60 days	264	517
	13,827	**12,102**

Significant accounting policies

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

Trade receivables are initially recognised at fair value less any provision for impairment.

The Group does not hold any collateral as security over any trade receivable balances.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

12. Other assets

	2017	2016
	$000	$000
Current		
Unbilled receivables	2,546	-
Derivative asset	-	933
Prepayments	1,003	831
Deposits	486	485
Other	1,364	1,419
	5,399	**3,668**
Non-current		
Unbilled receivables	906	3,437
Other	449	782
	1,355	**4,219**

Significant accounting policies

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

Notes to the financial statements (continued)

For the year ended 30 June 2017

13. Trade and other payables

	2017	2016
	$000	$000
Trade payables	1,811	119
Other payables and accrued expenses	13,435	8,565
	15,246	**8,684**

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

Significant accounting policies

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.

14. Deferred revenue

	2017	2016
	$000	$000
Deferred revenue	9,512	11,555
Customer prepayments	3,056	1,825
	12,568	**13,380**

Deferred revenue reflects the value of advance payments made by customers who have been invoiced for services that will be provided in the future.

Customer prepayments represent amounts paid in advance by customers to prepay for services in exchange of discounts.

15. Other liabilities

	2017	2016
	$000	$000
Current		
Contingent consideration	3,057	3,780
Other current liabilities	179	402
	3,236	**4,182**
Non-current		
Contingent consideration	3,878	1,781
Other non-current liabilities	618	-
	4,496	**1,781**
	7,732	**5,963**

Notes to the financial statements (continued)

For the year ended 30 June 2017

16. Borrowings

	2017	2016
	$000	$000
Current		
Finance lease liability	2,403	3,659
Bank loan	291	-
Total current borrowings	**2,694**	**3,659**
Non-current		
Finance lease liability	377	2,665
Bank loan	774	-
Total non-current borrowings	**1,151**	**2,665**
Total borrowings	**3,845**	**6,324**

At 30 June 2017, the Group held debt facilities of $55,000,000 (2016: $55,000,000) maturing in September 2019 and no drawdown on these facilties had been made at 30 June 2017 (2016: nil).

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

In addition to the above in June 2014, one of the Group's subsidiaries, Softship AG (which became a subsidiary on 1 July 2016), entered into a debt contract with Commerzbank for $1.4m (Euro 1.0m) having a maturity of eight years and a fixed interest rate of 3.29% per annum. The outstanding balance at 30 June 2017 was $1.1 m (Euro 0.8m). The bank loan is not secured.

17. Share capital and reserves

Ordinary shares issued and fully paid	Shares ('000)	$000
At 1 July 2015	**252,480**	**44,869**
Shares issued under IPO for cash[1]	37,313	125,000
Vesting of deferred share rights	-	713
Gift shares	121	405
Subscription agreements[2]	707	-
Shares cancelled/other	8	-
Pre-IPO funding costs, net of tax	-	(91)
Transaction costs	-	(5,325)
At 30 June 2016	**290,629**	**165,571**
At 1 July 2016	**290,629**	**165,571**
Vesting of deferred share rights	155	864
Shares issued under dividend reinvestment plan	43	241
Transaction costs	-	(70)
At 30 June 2017	**290,827**	**166,606**

[1] On 14 April 2016, the Company issued 37,313,433 shares as a result of the IPO at a price of $3.35 per share.

[2] On 14 April 2016, the Group issued 707,081 shares under subscription agreements entered into prior to IPO.

In FY16, the Company incurred $5,324,964 of costs, net of tax, that were attributable to equity. Also the Company incurred pre-IPO funding costs (net of tax) of $91,000.

Notes to the financial statements (continued)

For the year ended 30 June 2017

17. Share capital and reserves (continued)

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

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

Nature and purpose of reserves

(i) Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the WiseTech Global Limited Employee Share Trust. At 30 June 2017, the Group held 940,466 of the Company's shares.

(ii) Acquisition reserve

The acquisition reserve arises on the acquisition of additional shares in a subsidiary. The difference between the consideration paid and fair value of the identifiable net assets of the non-controlling interests has been accounted for in the acquisition reserve.

(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.

(iv) 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 employees, they are transferred to share capital.

(v) 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.

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 capital and debt 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.

At 30 June 2017, the Group has a undrawn facility of $55m to apply towards future strategic initiatives. The total equity of the Group for FY17 is $213.8m (2016: $196.1m) and total cash and cash equivalents for FY17 are $101.6m (2016: $109.5m). The total borrowings for FY17 are $3.8m (2016: $6.3m).

The Group is not subject to any externally imposed capital requirements.

Notes to the financial statements (continued)

For the year ended 30 June 2017

18. Parent entity information

As at, and throughout the financial year ended 30 June 2017, the parent entity of the Group was WiseTech Global Limited.

	2017	2016
	\$000	**\$000**
Result of parent entity		
Net profit/(loss) for the year	27,101	(1,760)
Total comprehensive income/(loss) for the year	**27,101**	**(1,760)**

	2017	2016
	\$000	**\$000**
Financial position of parent entity at year end		
Current assets	90,882	97,634
Total assets	254,888	236,045
Current liabilities	20,363	12,710
Total liabilities	32,003	33,969
Net assets	**222,885**	**202,076**

	2017	2016
	\$000	**\$000**
Total equity of parent entity comprising:		
Share capital	166,606	165,571
Share-based payment reserve	10,689	7,993
Treasury shares reserve	(6,767)	-
Retained earnings	52,357	28,512
Total equity	**222,885**	**202,076**

(a) Parent entity contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

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

The parent entity had no capital commitments as at 30 June 2017 or 30 June 2016.

(c) Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee as at 30 June 2017. Refer to note 29 for further details. The parent entity had not entered into a Deed of Cross Guarantee as at 30 June 2016.

Notes to the financial statements (continued)

For the year ended 30 June 2017

19. Group information

Parent entity	**Country of incorporation**
WiseTech Global Limited	Australia

Subsidiaries	**Country of incorporation**	**% Equity interest** 2017	2016
Cargo Community Network Pty Limited	Australia	100.0	100.0
Translogix (Australia) Pty Ltd	Australia	100.0	100.0
WiseTech Global (Australia) Pty Ltd	Australia	100.0	100.0
WiseTech Global Limited Employee Share Trust	Australia	100.0	-
WiseTech Global Trading Pty Ltd	Australia	100.0	100.0
CargoWise Brasil Soluoes em Sistemas Ltda. (formerly known as RNX38 PARTICIPAÇÕES LTDA)	Brazil	100.0	-
WiseTech Global (CA) Ltd	Canada	100.0	100.0
WiseTech (Shanghai) Information Technology Ltd	China	100.0	100.0
CargoWise GmbH	Germany	100.0	100.0
Sofship AG*	Germany	77.0	20.0
znet group GmbH	Germany	100.0	-
znet Clearing GmbH & Co. KG	Germany	100.0	-
znet Consulting GmbH & Co. KG	Germany	100.0	-
WiseTech Global (HK) Ltd	Hong Kong	100.0	100.0
ACO Informatica S.r.l	Italy	100.0	-
WiseTech Global (NZ) Ltd	New Zealand	100.0	100.0
Softship Inc*	Phillipines	77.0	20.0
WiseTech Global (SG) Pte Ltd	Singapore	100.0	100.0
Softship Dataprocessing Pte Ltd*	Singapore	77.0	20.0
Compu-Clearing (Pty) Ltd	South Africa	100.0	100.0
Compu-Clearing Drome Property (Pty) Ltd	South Africa	100.0	100.0
Compu-Clearing Outsourcing Limited	South Africa	100.0	100.0
Core Freight Systems (Proprietary) Ltd	South Africa	100.0	100.0
Drome Road Share Block (Pty) Ltd	South Africa	100.0	100.0
EDI Enterprise (Pty) Ltd	South Africa	100.0	100.0
WiseTech Global (Pty) Ltd	South Africa	100.0	100.0
Three DX Property and Investments (Pty) Ltd	South Africa	100.0	100.0
WiseTech Global (UK) Ltd	UK	100.0	100.0
Softship America Inc*	USA	77.0	20.0
WiseTech Global (US) Inc	USA	100.0	100.0

* Rounded

Notes to the financial statements (continued)

For the year ended 30 June 2017

20. Business combinations and acquisition of non-controlling interests

Acquisitions in 2017

During the year, the Group acquired Softship AG ("Softship"), znet group GmbH ("znet") and ACO Informatica S.r.l ("ACO"). Key information on the acquisitions is summarised in table below:

	Softship	Other acquisitions *
	$000	**$000**
Cash and cash equivalents	3,864	210
Trade receivables	2,246	668
Current tax receivables	9	35
Other current assets	552	568
Property, plant and equipment	268	97
Intangible assets	3,897	1,484
Equity-accounted investees	250	-
Deferred tax assets	-	30
Other non-current assets	306	-
Trade and other payables	(1,315)	(454)
Borrowings	(1,300)	(107)
Deferred revenue	(122)	(1,106)
Current tax liabilities	(1)	(11)
Employee benefits	(18)	(160)
Other current liabilities	(306)	(95)
Deferred tax liabilities	(1,110)	(337)
Other non-current liabilities	(306)	(12)
Fair value of net assets acquired (100%)	**6,914**	**810**
Acquisition related costs	**567**	**948**

* Provisional details of the fair value of the net identifiable assets acquired and liabilities assumed at the date of acquisition.

Softship AG

Softship is a leading provider of logistics software solutions to the global ocean-carrier industry.

On 1 July 2016, the Group acquired a controlling interest in Softship by increasing its ownership from 19.99% to 42.84% of shares on issue. From 1 July 2016, as a result of acquiring a controlling interest, the accounting for the available-for-sale investment at fair value through other comprehensive income no longer applies and Softship forms part of the consolidated financial statements of the Group.

The fair value of Group's purchase consideration for 42.84% share in Softship was $7.9m which was paid in the form of cash, of which $2.6m was paid in FY16.

In the 12 months ended 30 June 2017, Softship contributed revenue of $14.1m and net profit after tax of $0.4m (after share of profit of non-controlling interest).

Notes to the financial statements (continued)

For the year ended 30 June 2017

20. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2017 (continued)

Softship AG (continued)
A valuation was undertaken by Ernst & Young, Germany, in relation to the acquired intangibles with respect to customer relationships ($0.7m), trade name ($0.8m) and intellectual property ($2.0m).

The methodology used to derive the value of customer relationships was the multi-period excess earnings method ("MEEM"). The MEEM 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.

The royalty relief method was used to value the trade name and intellectual property whereby it considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned.

The trade receivables balance represents the gross contractual amounts due of $2.3m, of which $0.1m was expected to be uncollectible at the date of acquisition. The Group also acquired receivables relating to deferred purchase price on a sale of investment that occurred prior to acquisition. The fair value is nil on acquisition and the gross contractual amount receivable is $0.6m. $0.3m of the deferred purchase price was received in April 2017 and the remaining $0.3m is receivable in April 2018, however it is contingent upon no claims against warranties given.

Non-controlling interest ("NCI") and goodwill

The Group has adopted the proportionate method of accounting for NCI and therefore, on the date of initial control (1 July 2016) NCI is valued at 57.16% of the net identifiable assets acquired.

NCI and goodwill arising from the acquisition have been recognised as follows:

	Softship
	$000
Total consideration paid	7,876
Fair value adjustment of pre-existing interest in Softship	2,046
NCI, based on proportionate interest in the net identifiable assets acquired	3,952
Less: Fair value of net identifiable assets acquired	(6,914)
Goodwill	**6,960**

The fair value adjustment to the pre-existing interest in Softship of $2.0m was reclassified from reserves to finance income in the Consolidated statement of profit or loss on the date of acquisition.

The goodwill is attributable mainly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that do not meet the recognition criteria as an intangible asset at the date of acquisition. The goodwill is not deductible for tax purposes.

Increase in ownership after obtaining control

After obtaining control of Softship on 1 July 2016, the Group increased its ownership percentage throughout FY17 to 76.97%. $13.8m was paid in cash, resulting in a reduction of non-controlling interest by $2.4m. The $11.4m paid in excess of the fair value has been recorded in the acquisition reserve.

Notes to the financial statements (continued)

For the year ended 30 June 2017

20. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2017 (continued)

Other acquisitions

On 31 January 2017, the Group acquired 100% of the shareholding in znet group GmbH, a provider of customs solutions to the logistics industry across Germany. On 9 February 2017, the Group acquired 100% of the shareholding in ACO Informatica S.r.l, a provider of customs compliance solutions to the logistics industry across Italy.

	Other acquisitions $000
Total consideration paid	8,464
Less: Fair value of net identifiable assets acquired	(810)
Goodwill	**7,654**

Goodwill

The total goodwill arising on acquisition is $7.7m which relates predominantly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that do not meet the recognition criteria as an intangible asset at the date of acquisition. The goodwill is not deductible for tax purposes.

Consideration paid

Total cash consideration is $4.8m with further contingent consideration payable of $3.7m. Contingent consideration is based on a number of milestones including the integration of the acquired businesses with the Group such as the development of local customs capability into the Group's existing product. These arrangements are in place up to a period of five years and the undiscounted value of these arrangements is $4.0m.

Contribution of other acquisitions to revenue and profits

In total, the contribution of other acquisitions to revenue is $1.4m and a reduction to net profit of $0.2m from their respective dates of acquisition to 30 June 2017. If the acquisitions had been acquired from 1 July 2016, the Group revenue and reduction in net profit for the year ended 30 June 2017 would have been $3.5m and $0.5m respectively.

Notes to the financial statements (continued)

For the year ended 30 June 2017

20. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2016

During FY16, the Group acquired Compu-Clearing Outsourcing Limited ("CCL") and Cargo Community Network Pty Limited ("CCN"). Key information on the acquisitions is summarised in table below:

	CCL	CCN
	$000	**$000**
Property, plant and equipment	2,531	-
Intangible assets	3,009	-
Trade receivables	1,112	333
Cash and cash equivalents	1,823	839
Other assets	376	4
Trade and other payables	(1,228)	(139)
Deferred revenue	(237)	(86)
Current tax asset/(liability)	50	(106)
Deferred tax liabilities	(899)	-
Other liabilities	(49)	(4)
Fair value of net assets acquired	**6,488**	**841**
Total consideration	**24,945**	**3,367**
Goodwill	**18,457**	**2,526**
Acquisition related costs	**322**	**66**

Trade receivables acquired are stated at their fair values and the Group expects full recoverability of these acquired assets.

Compu-Clearing Outsourcing Limited

In FY15, the Group held a 23.5% interest in CCL and this was recorded as an equity accounted investment.

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% and resulted in the Group obtaining control of CCL. 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, whereby the Group acquired the remaining 49% of shares outstanding of CCL on 4 September 2015. The results of CCL are consolidated from 31 July 2015, being the date the Group obtained control.

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.

The total consideration for CCL was $24.9m which was paid in the form of cash at a price per share of South African rand 5.50 of which $5.6m was paid in the prior year for the acquisition of the initial 23.5% equity interest.

Date	**Consideration transferred ($m)**	**Cumulative ownership (%)**
16 June 2015	5.6	23.5%
31 July 2015	7.1	51%
4 September 2015	12.2	100%
Total	**24.9**	

Notes to the financial statements (continued)

For the year ended 30 June 2017

20. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2016 (continued)

Compu-Clearing Outsourcing Limited (continued)

In the 11 months to 30 June 2016, CCL contributed revenue of $6.7m and net profit after tax of $0.4m, including integration related accelerated depreciation charge of $0.3m. If the acquisition had occurred on 1 July 2015, management estimates that consolidated revenue would have been $7.4m and net profit after tax for the period would have been $0.6m. In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2015.

A valuation was undertaken by Deloitte Touche Tohmatsu in relation to the acquired intangible assets with respect to customer relationships, reacquired rights, trade name and intellectual property. The methodology used to derive the value of customer relationships was the multi-period excess earnings method (“MEEM”). The MEEM considers the present value of net cash flows expected to be generated by the customer relationships and reacquired rights by excluding any cash flows related to contributory assets.

The royalty relief method was used to value the trade name whereby it considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents or trademarks being owned.

The replacement cost approach was used to value intellectual property.

Property, plant and equipment is measured at fair value using the market comparison technique which considers quoted market prices for similar items when they are available.

Goodwill

The goodwill is attributable mainly to the skills and technical talent of CCL’s work force and the synergies expected to be achieved from integrating the company into the Group’s existing business. The goodwill is not deductible for tax purposes.

Cargo Community Network Pty Limited

On 30 April 2016, the Group acquired CCN, the exclusive distributor in Australia and New Zealand of Cargo Community Network Pte Ltd's global messaging and applications for the air cargo industry.

CCN is the leading supplier of mission critical airline messaging solutions and data integration to support activities of the Australian and New Zealand cargo operations of some of the world’s leading airlines, ground handling agents and freight forwarders.

Total consideration of $3.4m includes contingent consideration of $1.5m.

In the two months to 30 June 2016, CCN contributed revenue of $0.2m and net profit after tax of $0.04m. If the acquisition had occurred on 1 July 2015, management estimates that consolidated revenue would have been $1.4m and net profit after tax for the period would have been $0.2m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2015.

A valuation was undertaken by management in relation to the acquired intangibles where it was determined that it consists only of goodwill.

Goodwill

The goodwill is attributable mainly to the synergies expected to be achieved from integrating the company into the Group’s existing business. The goodwill is not deductible for tax purposes.

Notes to the financial statements (continued)

For the year ended 30 June 2017

20. Business combinations and acquisition of non-controlling interests (continued)

Significant accounting policy

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. Under the acquisition method, 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 including any contingent consideration 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 Consolidated statement of profit or loss.

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 Consolidated statement of profit or loss.

21. Employee benefits

	2017 $000	2016 $000
Wages and salaries	72,681	60,488
Share-based payment expense	3,218	7,014
Defined contribution superannuation expense	4,983	3,395
Total employee benefit expense	**80,882**	**70,897**

Annual leave and long service leave

	2017 $000	2016 $000
Current		
Annual leave	4,670	3,739
Long service leave	1,533	1,163
	6,203	**4,902**
Non-current		
Long service leave	754	699
	754	**699**
Total annual and long service leave	**6,957**	**5,601**

Notes to the financial statements (continued)

For the year ended 30 June 2017

21. Employee benefits (continued)

Significant accounting policy

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 Consolidated statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as employee benefits in the Consolidated statement of financial position.

Long-term employee benefits

Provision is made for employees' long service leave and 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. 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, duration 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 remeasurements for changes in assumptions of obligations for 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 employee benefits in its Consolidated 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 employee benefits.

Defined contribution superannuation benefits

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

Share-based payment transactions

The Company had a number of share-based payment arrangements that were granted to employees during FY17. These related to share rights granted as part of employee remuneration for FY17, one-off Christmas bonuses and matching equity related to salary sacrifice arrangements. The awards were granted in June 2017 based on a specified monetary value to each employee. The fair value of these arrangements were deemed to be the function of the number of share rights and the grant date price. The FY17 remuneration share rights and matching equity share rights vest in three equal annual tranches commencing July 2017, the Christmas bonus vested in July 2017. Any unvested portions are forfeited upon cessation of employment.

The total value of share-based payments recognised in the Consolidated statement of profit or loss with a corresponding entry to share-based payment reserve is $3.2m.

Notes to the financial statements (continued)

For the year ended 30 June 2017

21. Employee benefits (continued)

In the prior year, as part of the IPO, the Group determined to close out and settle equity incentives in existence at the prospectus date (and considered appropriate by the Company before it was listed). The incentive plan was modified to bring forward the vesting date to the date of IPO; accordingly, the remaining value of the schemes was accelerated and expensed to profit or loss. This was completed through issuing of share rights and cash payments (with the ability for employees to reinvest in shares on IPO). In the prior year, the cost of this accelerated close-out amounted to $4.4m which was in addition to $2.4m that was expensed to profit or loss prior to the modification.

In the prior year, the Company modified the legacy ‘uncapped’ sales commission plan from a cash settled plan to an equity settled arrangement. The share rights were issued at the time of the IPO and were not subject to performance or employment hurdles or conditions and will not lapse if the holders employment with the Group terminates. In FY16, an expense of $4.8m relating to the value of the equity issued and associated taxes of $1.4m were recognised in the Consolidated statement of profit or loss.

22. Key management personnel transactions

Key management personnel ("KMP") compensation
The total remuneration of the KMP of the Company included within employee benefit expense are as follows:

	2017	2016
	$000	$000
Short-term employee benefits	2,493	2,837
Post-employment benefits	135	181
Other long-term benefits	217	147
Share-based payments	598	1,382
Total KMP compensation	**3,443**	**4,547**

Short-term employee benefits
These amounts include fees and benefits paid to executive Directors and other KMP as well as salary, fringe benefits and cash bonuses awarded to the non-executive Chairperson and the other non-executive Directors.

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.

Loans to KMP
There are no loans outstanding to KMP at 30 June 2017 (2016:$0.1m).

KMP transactions
Directors of the Company controlled 67.69% (2016: 67.72%) of the voting shares of the Company as at 30 June 2017. 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:

Notes to the financial statements (continued)

For the year ended 30 June 2017

22. Key management personnel transactions (continued)

		Transaction values for the year ended 30 June		Balance outstanding as at 30 June	
		2017	**2016**	**2017**	**2016**
Directors	**Transactions**	**$000**	**$000**	**$000**	**$000**
R White & M Isaacs	Company apartments rent [1]	66	136	-	-
R White	Company apartments rent [1]	95	-	-	-
R White & M Isaacs	US office costs [2]	900	620	-	-
R White & M Isaacs	US data centre costs [2]	1,302	533	(406)	533
R White & M Isaacs	Office services agreements	11	18	-	-
R White	Office services agreements	11	-	-	-

[1] The Group entered into various apartment leases with RealWise Holdings Pty Ltd, a company controlled by R White and M Isaacs until 30 November 2016. From 1 December 2016, these agreements were transferred to Marwood White Administrators Pty Ltd, a company controlled by R White.

[2] The US office and US data centre is in a building owned by Realwise Investments LLC, a company controlled by R White & M Isaacs.

All these arrangements were agreed on normal market rates.

23. Auditor's remuneration

	2017	**2016**
	$	**$**
Audit and assurance related services		
KPMG Australia		
Audit and review of the financial reports	470,150	397,000
IPO due diligence services	-	2,050,000
Total audit and assurance related services KPMG Australia	**470,150**	**2,447,000**
Audit and assurance related services		
KPMG overseas		
Audit of statutory financial reports	202,200	94,000
Due diligence services	-	33,395
Total audit and assurance related services KPMG overseas	**202,200**	**127,395**
Total audit and assurance related services	**672,350**	**2,574,395**
Other services		
KPMG Australia		
Other assurance, advisory and taxation services	584,100	302,915
Total other services KPMG Australia	**584,100**	**302,915**
Other services		
KPMG overseas		
Other assurance, advisory and taxation services	19,150	-
Total other services KPMG overseas	**19,150**	**-**
Total other services	**603,250**	**302,915**
Total auditor's remuneration	**1,275,600**	**2,877,310**

Notes to the financial statements (continued)

For the year ended 30 June 2017

24. Reconciliation of net cash flows from operating activities

	2017	2016
	$000	$000
Cash flow reconciliation		
Reconciliation of net profit after tax to net cash flows from operations:		
Profit after tax from continuing operations	31,860	2,167
Share of profit of non-controlling interests	332	-
Net Profit after tax	32,192	2,167
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and impairment	4,549	4,528
Amortisation	7,850	6,666
Doubtful debt expense	367	83
Net finance costs/(income)	(2,731)	1,187
Income from cashflow hedge instrument	(267)	-
Unrealised foreign exchange	223	44
Share-based payment expense	3,218	7,014
Gift shares	-	405
Unwinding of contingent consideration	357	514
Option premium	-	(1,544)
Share of loss of associate	64	-
Dividend income from associate	(18)	-
Exchange differences on cash balances	(84)	4
Reclassification adjustment of intangible expensed to P/L	595	-
Change in assets and liabilities:		
Decrease/(increase) in trade receivables	1,387	(2,824)
Decrease/(increase) in other current and non-current assets	1,053	(2,038)
Increase in trade and other payables	4,432	1,757
Increase/(decrease) in current tax liabilities	857	611
Increase/(decrease) in deferred tax payable	2,612	(2,400)
(Decrease)/increase in other liabilities	(352)	1,240
(Decrease)/increase in deferred revenue	(2,397)	2,489
Increase in provisions	1,022	1,179
Net cash flows from operating activities	**54,929**	**21,082**

Notes to the financial statements (continued)

For the year ended 30 June 2017

25. Segment information

The Group manages its operations as a single business operation and there are no parts of the Group that qualify as operating segments under AASB 8 *Operating Segments*. The CEO (Chief Operating Decision Maker or "CODM") assesses the financial performance of the Group on an integrated basis only and accordingly, the Group is managed on the basis of a single segment.

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

Continuing operations	**2017**	**2016**
	$000	**$000**
Recurring revenue	142,391	101,213
Non-recurring revenue	11,368	1,596
Total revenue	**153,759**	**102,809**
Segment profit before tax	**44,164**	**3,452**

In general, a large amount of revenue is generated by customers that are global, from transactions that cross multiple countries and where the source of revenue can be unrelated to the location of the users using the software. Accordingly, the Group is managed as a single segment. The amounts for revenue by region in the following table are based on the invoicing location of the customer.

There were no customers contributing more than 10% of revenue during the current and comparative period.

Geographic information

Revenue generated by location of customer (billing address):

	2017	**2016**
	$000	**$000**
Asia Pacific	50,859	44,127
Americas	40,537	33,262
Europe, Middle East and Africa ("EMEA")	62,363	25,420
Total revenue	**153,759**	**102,809**

Non-current assets by geographic location:

	2017	**2016**
	$000	**$000**
Asia Pacific	101,078	88,522
Americas	2,249	1,711
EMEA	50,316	28,502
Total non-current assets	**153,643**	**118,735**

For the year ended 30 June 2017

26. Financial instruments

Recognition and initial measurement

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

Financial instruments are initially measured at fair value plus transaction 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 or amortised cost using the effective interest method.

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 within finance income and expense in profit or loss 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 arrangements 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.

Notes to the financial statements (continued)

For the year ended 30 June 2017

26. Financial instruments (continued)

Impairment

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

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 fair values of the Level 3 contingent consideration is shown below:

	2017		**2016**	
	Fair value $000	**Carrying amount $000**	**Fair value $000**	**Carrying amount $000**
Contingent consideration	7,405	6,935	6,203	5,561

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

2016	**$000**
Opening balance	4,487
Foreign exchange differences	(9)
Additions	1,492
Unwinding interest and accruals	863
Cash paid	(1,272)
Closing balance	**5,561**

2017	**$000**
Opening balance	5,561
Foreign exchange differences	202
Additions	3,658
Unwinding interest and accruals	668
Cash paid	(3,154)
Closing balance	**6,935**

Notes to the financial statements (continued)

For the year ended 30 June 2017

26. Financial instruments (continued)

The Group has contingent consideration measured at fair value at 30 June 2017 in relation to contingent consideration arising out of the acquisition of znet, ACO and Zsoft. The contingent consideration is deemed to be a Level 3 measurement of fair value which will be paid over various periods from the acquisition date up to 30 June 2022 in relation to znet and ACO and 30 June 2018 in relation to Zsoft and has been discounted accordingly based on a number of milestones including the successful integration of customers into CargoWise One. The contingent consideration in relation to Core Freight Systems (Proprietary) Ltd (CFS) and CCN was settled during the year.

The effect on the Consolidated statement of profit or loss is due to unwinding of interest on deferred consideration/accruals and foreign exchange as indicated in the above reconciliation.

In the prior year, the fair value of the Softship equity securities was a Level 2 measurement, based on quoted prices of the security which is listed on Frankfurt Stock Exchange. During FY17, the Group obtained control of Softship and does not hold these investments as available-for-sale assets as it is now consolidated into the Group's results.

Financial risk management objectives and policies

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

(a) Risk management framework

The 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 and Risk Management Committee, which is responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the Board of Directors on its activities.

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

The Audit and Risk Management 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.

(b) Credit risk

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

The Group’s standard payment and delivery terms and conditions are that payment is generally due within 30 days 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 the credit management team.

Notes to the financial statements (continued)

For the year ended 30 June 2017

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Trade 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.

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provision for impairment of those assets, as disclosed in the Consolidated statement of financial position. These predominantly relate to trade receivables. Refer note 11 for further details.

Cash and cash equivalents

The Group held cash and cash equivalents of $101,603,373 at 30 June 2017 (2016: $109,526,858). The cash and cash equivalents are held with credit-worthy bank and financial institution counterparties.

(c) 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 net cash balances, actual and forecast 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.

		Contractual cash flow		
2017	**Carrying amount $000**	**Total $000**	**Less than 1 year $000**	**1 - 5 years $000**
Financial liabilities				
Contingent consideration	6,935	(7,405)	(3,285)	(4,120)
Bank loan	1,065	(1,255)	(212)	(1,043)
Finance lease liabilities	2,780	(2,894)	(2,504)	(390)
Trade payables	1,811	(1,811)	(1,811)	-
Other payables and accrued expenses	13,435	(13,435)	(13,435)	-
Other liabilities	797	(797)	(179)	(618)
Total	**26,823**	**(27,597)**	**(21,426)**	**(6,171)**

		Contractual cash flow		
2016	**Carrying amount $000**	**Total $000**	**Less than 1 year $000**	**1 - 5 years $000**
Financial liabilities				
Contingent consideration	5,561	(6,203)	(3,997)	(2,206)
Finance lease liabilities	6,324	(6,716)	(3,970)	(2,746)
Trade payables	119	(119)	(119)	-
Other payables and accrued expenses	8,565	(8,565)	(8,565)	-
Total	**20,569**	**(21,603)**	**(16,651)**	**(4,952)**

Notes to the financial statements (continued)

For the year ended 30 June 2017

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Bank loan

The Group currently has a facility agreement in place with Westpac Banking Corporation. Its facility lines are as follows:

• Tranche A $10,000,000 (2016: $10,000,000): revolving multi-option facility for general corporate purposes expiring in September 2019; and
• Tranche B $45,000,000 (2016: $45,000,000): revolving acquisition facility to fund permitted acquisitions expiring in September 2019.

As at 30 June 2017 and 30 June 2016, no drawdown on the facility had been made.

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

Finance costs are broken down as follows:

	2017	2016
	$000	$000
Option premium	1,200	633
Interest expense	24	838
Interest on finance lease liabilities	250	480
Other	422	491
Total finance costs	**1,896**	**2,442**

(d) Market risk

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

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The source and nature of this risk arise 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 revenue from outside of Australia is denominated in currencies other than Australian dollars, most significantly US dollars ("USD"), pounds sterling ("GBP"), South African rand ("ZAR"), and Euro ("EUR").

The Group has exposures surrounding foreign currencies due to non-functional transactions within operations in different overseas jurisdictions.

A reasonably possible strengthening (weakening) of the USD, GBP, ZAR and EUR against all other currencies at 30 June 2017 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

For the year ended 30 June 2017

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

	30 June 2017	Profit or loss Change (+10%)	Profit or loss Change (-10%)	Equity Change (+10%)	Equity Change (-10%)
	$000	$000	$000	$000	$000
USD					
Net trade receivables/(payables) exposure	2,715	(247)	302	-	-
GBP					
Net trade receivables/(payables) exposure	118	(11)	13	-	-
ZAR					
Net trade receivables/(payables) exposure	23	(2)	3	-	-
EUR					
Net trade receivables/(payables) exposure	176	(16)	20	-	-

	30 June 2016	Profit or loss Change (+10%)	Profit or loss Change (-10%)	Equity Change (+10%)	Equity Change (-10%)
	$000	$000	$000	$000	$000
USD					
Derivatives	-	-	-	1,162	-
Net trade receivables/(payables) exposure	2,745	(112)	305	-	-
GBP					
Net trade receivables/(payables) exposure	214	(19)	24	-	-
ZAR					
Net trade receivables/(payables) exposure	369	(34)	41	-	-
EUR					
Net trade receivables/(payables) exposure	763	(69)	85	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2017

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

When the Company enters into derivative financial instruments to hedge its foreign currency risk exposures, the derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value. Ineffective changes in the fair value of any derivative are recognised immediately in profit or loss.

Ineffectiveness during the year was nil (2016: nil) and is deemed to be a Level 2 measurement of fair value.

In the prior year, the Group entered into USD options to protect the Company's USD currency exposure in FY16 and FY17. The foreign currency option contracts protect approximately 60% of forecast revenue exposure which equates to approximately 90% of the net exposure to fluctuations in the USD exchange rate in FY16 and FY17.

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments in FY16. There were no derivative financial instruments as at 30 June 2017.

Asset	Carrying amount	Financial asset	Financial liability	Less than 1 year	Greater than 1 year
	$000	$000	$000	$000	$000
FY16					
USD options	933	933	-	933	-

Interest rate risk and cash flow sensitivity

The Group holds interest bearing financial liabilities (i.e. borrowings) of $1.1m (2016: $nil) and holds interest bearing financial assets (i.e. cash and short-term deposits) of $101.6m (2016: $109.5m).

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased or decreased profit after tax by $711,000 (2016: $770,000). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Equity price risk

In FY17, the Group was not exposed to equity price risk as a result of the further investment in Softship which resulted in the consolidation of the entity from 1 July 2016. In FY16, there was an exposure to equity price risk which arose from the classification of the investment in Softship as available-for-sale equity securities. As these equity securities were designated as available-for-sale financial assets movements were recorded through the fair value reserve within equity.

	2017	2016
	$000	$000
Equity securities - available for sale	-	4,303
	-	**4,303**

An increase/decrease of 10% in the value of equity securities would have an effect of increasing/decreasing the value by $nil (2016: $430,258) respectively.

Notes to the financial statements (continued)

For the year ended 30 June 2017

27. Leasing and capital commitments

Finance leases

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

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the 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 Consolidated 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.

	2017			**2016**		
	Minimum payments	**Interest**	**Present value of payments**	**Minimum payments**	**Interest**	**Present value of payments**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Within one year	2,504	101	2,403	3,972	313	3,659
After one year but not more than five years	390	13	377	2,744	79	2,665
	2,894	**114**	**2,780**	**6,716**	**392**	**6,324**

Finance leases for computer equipment are for a period of three years. The leases are non-cancellable but do not contain any further restrictions.

Operating lease commitments - Group as lessee

	2017	**2016**
	$000	**$000**
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Within one year	4,626	3,373
After one year but not more than five years	10,304	13,332
More than five years	3,947	3,098
	18,877	**19,803**

The operating leases are for the Group's premises and computer equipment for periods of one to seven years.

The finance and operating lease expenses charged to profit or loss for FY17 were $5.4m (2016: $2.8m).

Notes to the financial statements (continued)

For the year ended 30 June 2017

27. Leasing and capital commitments (continued)

Operating lease commitments - Group as lessee (continued)

Capital commitments

The Group has the following capital commitments:

	2017	2016
	$000	**$000**
Leasehold improvements	-	1,265
Total commitments	**-**	**1,265**

28. Non-controlling interests

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2017	2016
Softship AG	Germany	23%	-%
Softship America Inc.	USA	23%	-%
Softship Dataprocessing Pte Ltd	Singapore	23%	-%
Softship Inc.	Phillipines	23%	-%

There is a non-controlling interest of 23.03% (2016: nil) in Softship, a company domiciled in Germany. For movements in non-controlling interests, refer to the Consolidated statement of changes in equity and note 20 to these financial statements.

Notes to the financial statements (continued)

For the year ended 30 June 2017

29. Deed of Cross Guarantee

Entities subject to Class Order relief

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly-owned subsidiaries listed below are relieved from Corporations Act 2001, requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

WiseTech Global Limited and two of its wholly-owned subsidiaries namely, WiseTech Global (Trading) Pty Ltd and WiseTech Global (Australia) Pty Ltd are parties to the Deed of Cross Guarantee entered into on 26 June 2017.

The above companies represent a ‘Closed Group’ for the purposes of the Instrument.

The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position of the entities that are members of the Closed Group are as follows:

	Closed Group	
	2017	**2016**
	$000	**$000**
Profit from continuing operations before income tax	41,039	1,595
Income tax expense	(10,670)	(503)
Profit after tax from continuing operations	**30,369**	**1,092**
Net profit for the period	30,369	1,092
Retained earnings at the beginning of the period	26,500	29,221
Dividend provided for or paid	(2,913)	(3,813)
Share premium - retained earnings	(343)	-
Retained earnings at the end of period	**53,613**	**26,500**

For the year ended 30 June 2017

29. Deed of Cross Guarantee

	Closed Group 2017	2016
	$000	$000
Assets		
Current assets		
Cash and cash equivalents	92,566	95,213
Trade and other receivables	9,000	10,575
Current tax receivables	1,747	1,747
Other current assets	4,404	1,641
Total current assets	**107,717**	**109,176**
Non-current assets		
Intangible assets	82,319	67,343
Property, plant and equipment	9,992	9,380
Deferred tax assets	-	7,623
Investments in subsidiaries	75,860	58,230
Other non-current assets	1,322	3,621
Total non-current assets	**169,493**	**146,197**
Total assets	**277,210**	**255,373**
Liabilities		
Current liabilities		
Trade and other payables	8,739	4,353
Borrowings	2,094	3,376
Deferred revenue	11,125	12,375
Current tax liabilities	3,336	-
Employee benefits	4,901	4,016
Other current liabilities	3,319	3,321
Intercompany payables	6,491	6,606
Total current liabilities	**40,005**	**34,047**
Non-current liabilities		
Borrowings	258	2,074
Employee benefits	754	699
Deferred tax liabilities	11,419	16,816
Other liabilities	633	1,674
Total non-current liabilities	**13,064**	**21,263**
Total liabilities	**53,069**	**55,310**
Net assets	**224,141**	**200,063**
Equity		
Share capital	166,606	165,571
Reserves	3,922	7,992
Retained earnings	53,613	26,500
Total equity	**224,141**	**200,063**

Notes to the financial statements (continued)

For the year ended 30 June 2017

30. Other disclosures

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of WiseTech Global 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.

Intercompany 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.

(b) Foreign currency transactions and balances

Transactions and balances

Foreign currency transactions are translated into the 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 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 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 transactions.

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 Consolidated 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.

Notes to the financial statements (continued)

For the year ended 30 June 2017

30. Other disclosures (continued)

(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) Significant accounting judgements, estimates and assumptions

In preparing the Group financial statements, management is required to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. The resulting accounting estimates, which are based on management's best judgement 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 relate to tax and goodwill which are disclosed in notes 5 and 8 respectively. Critical judgements relate to intangible assets which are disclosed in note 8.

(e) Measurement of fair values

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 of 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.

30. Other disclosures (continued)

Fair value hierarchy

Significant valuation issues are reported to the Audit and Risk Management 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); and
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.

(f) Standards issued but not yet effective
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below:

(i) AASB 9 *Financial Instruments* ("AASB 9")

The revised standard addresses the classification, measurement and derecognition of financial assets and financial liabilities. AASB 9 also introduces the expected credit losses model which is based on the concept of providing for expected impairment losses at inception of a contract. The Group will be required to evaluate trade receivables for expected lifetime losses and new rules for hedge accounting. The application date of AASB 9 is 1 July 2018.

The Group has undertaken an initial assessment of AASB 9 and identified the following:
- There is no material impact on the classification and measurement requirements surrounding financial assets and liabilities
- No material impact surrounding the recognition of expected credit losses on contract inception
- There will be an impact surrounding hedge accounting where currently the Group recognises the cost of the option portfolio within finance costs. Under AASB 9, the cost of hedging is recognised against the hedge item which will be revenue. At 30 June 2017, the Group does not hold any option contracts and therefore there will be no impact on the Consolidated financial statements upon transition. However, if the Group undertakes an identical hedging strategy to the current and prior year, there will be a change in the recording of the option cost as stated above.

Notes to the financial statements (continued)

For the year ended 30 June 2017

30. Other disclosures (continued)

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

AASB 15 will require the Group to identify deliverables in contracts with customers that qualify as "performance obligations". The transaction price receivable from customers must be allocated between the Group's performance obligations under the contracts on a relative standalone sell in price basis. The standard will also require additional disclosures for disaggregation of revenue, information about performance obligations, remaining performance obligations and other qualitative disclosures.

The Group has formed a project team to undertake this review where a project plan has been defined with a scope to review the impact of AASB 15 on the Group. This plan incorporates a review of contracts for both existing WiseTech customers and from acquisitions.

To date, the Group has focused its review on revenue generated from WiseTech Global’s existing operations as these comprise the material revenue streams of the Group’s results. A further review will be undertaken in relation to revenue recognition from its newly acquired businesses to determine if there is any impact under AASB 15.

It is expected that the Group will adopt AASB 15 on 1 July 2018.

(iii) AASB 16 *Leases* ("AASB 16")

AASB 16 removes the classification of leases as either operating or finance lease - for the lessee - effectively treating all leases as finance leases. Short-term leases (less than 12 months) and leases of low-value assets (such as personal computers) are exempt from the lease accounting requirements. There are also changes in accounting over the life of a lease. In particular, companies will now recognise a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. The standard will be effective from 1 July 2019.

In FY18, the Group will undertake a review of the impact on this standard. Information of the undiscounted amount of the Group's operating lease commitments under AASB 117 *Leases*, the current leasing standard, is disclosed in note 27. The composition of this balance largely relates to the Group's rental premises.

Notes to the financial statements (continued)

For the year ended 30 June 2017

30. Other disclosures (continued)

(g) Events after reporting period

On 1 August 2017, WiseTech Global Limited completed the acquisition of a 100% interest in Bysoft Solucoes em Sistemas Para Comercio Exterior Ltda (Bysoft), the largest provider of customs and logistics compliance solutions to the logistics industry across Brazil. The Company paid $13.1m (BRL 30m) on completion, with a potential earnout payment for future revenue growth. The total purchase cost will be 3.8x 2018 Bysoft revenue. With current annual revenue of approximately $3.4m (BRL 8.7m) and approximately break even net profit after tax, this transaction is not material to the Group. The acquisition is expected to bring to the Group, key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings. The initial accounting surrounding this acquisition has not yet been completed.

During August 2017, the Group announced the acquisitions of Digerati, Prolink and CMS Transport Systems. The combined annual revenues and EBITDA for these acquisitions are approximately $7.6m and $1.0m respectively. Total upfront consideration is expected to be $14.7m. There is no contingent consideration for Digerati and the contingent consideration for CMS is up to $4m and for Prolink is estimated at 2.5x-3x 2021 recurring revenue. Initial accounting surrounding these acquisitions have not yet been completed.

On 18 August 2017, the Group announced to the German market its intended voluntary public acquisition offer to the remaining shareholders of Softship to purchase any and all outstanding shares. The offer made is EUR10.00 per share with 432,221 shares outstanding. Concurrently, the Management Board of Softship announced their intention to apply to de-list Softship shares from the Frankfurt Stock Exchange.

Since the period end, the Directors have declared a fully franked final dividend of 1.2 cents per share, payable 4 October 2017. The dividend will be recognised in subsequent financial statements.

(h) Contingent assets and contingent liabilities

There were no contingent assets or liabilities that have been recognised by the Group in relation to FY17 or FY16.