APPENDIX 4E
WiseTech Global Limited
For the year ended 30 June 2018

Results for announcement to the market

For the year ended 30 June				**2018**	**2017**
Revenue from ordinary activities ($000)	Up	44%	to	221,598	153,759
Profit from ordinary activities after tax attributable to members ($000)	Up	28%	to	40,799	31,860
Net profit for the period attributable to members ($000)	Up	28%	to	40,799	31,860
Earnings per share (cents)	Up	28%	to	13.9	10.9

Dividends - Ordinary shares	**Amount per security**	**Franked amount per security**	**Record date**	**Payment date**
FY18 interim dividend	1.05 cents	1.05 cents	12 March 2018	6 April 2018
FY18 final dividend	1.65 cents	1.65 cents	12 September 2018	8 October 2018

Dividend reinvestment plan

WiseTech 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 Australian Securities Exchange ("ASX") for the five trading days from 14 September 2018 to 20 September 2018, 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 2018 final dividend is by 5.00pm (Sydney time) on 13 September 2018.

Net tangible asset (NTA) backing

As at 30 June	**2018**	**2017**
NTA ($000)	(8,190)	80,042
Number of shares (000)	299,932	290,827
NTA per share (cents)	(3)	28

Entities for which control has been gained

During the year, the Group acquired the following businesses.

Acquired businesses/entities	**Date control gained**
TradeFox[1]	26 Jul 2017
Bysoft Solucoes em Sistemas Para Comercio Exterior Ltda ("Bysoft")	31 Jul 2017
Digerati[1]	9 Aug 2017
Prolink[1]	31 Aug 2017
CMS Transport Systems Pty Ltd ("CMS")	31 Aug 2017
Cargoguide International B.V. ("Cargoguide")	12 Sep 2017
Planet Traders, Inc. ("CargoSphere")	29 Sep 2017
ABM Data Systems Limited ("ABM")	31 Jan 2018
Cargo Community Systems Limited ("CustomsMatters")	31 Jan 2018
Microlistics International Pty Ltd and Microlistics Pty Ltd ("Microlistics")	1 Feb 2018
Intris N.V. ("Intris")	28 Feb 2018
LSP Holding B.V., LSP Hosting B.V., LSP Solutions B.V. ("LSP")	31 Mar 2018
Posbeyikian Buchter y Asociados S.R.L. ("Forward")	1 May 2018
Eyalir S.A., Ilun S.A., Softcargo Chile SpA. ("Softcargo")	1 May 2018
EasyLog SAS ("Easylog")	1 May 2018

[1]Asset acquisitions.

Audit

This report is based on the consolidated financial statements for the year ended 30 June 2018 which are currently unaudited.

Operating and Financial Review

For the year ended 30 June 2018

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 around 8,000 logistics organisations across 130 countries.

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 multi-national companies to small and mid-sized regional and domestic enterprises including 24 of the top 25 global freight forwarders and 34 of the top 50 global 3PLs[1]. 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 relentlessly in product development and have achieved strong and profitable growth during our history. Through innovation and acquisitions, 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 international borders, while navigating complex regulatory burdens and improved safety and productivity through data and device integration, global visibility and system manageability.

In addition to the strong organic growth from our existing technology platform, since the beginning of FY18 we have acquired, or announced the acquisition of, a further 22 logistics solutions businesses spanning new geographies focusing primarily on customs and new adjacencies with future global capacity. 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.

We have over 20 product development centres worldwide and regional offices, including in Australia, Argentina, Belgium, Brazil, Canada, China, Germany, Ireland, Italy, Japan, the Netherlands, New Zealand, the Philippines, Singapore, South Africa, Taiwan, Turkey, the United Kingdom, the United States and Uruguay.

1. *Armstrong & Associates: Top 50 Global Third Party Logistics Providers List ranked by 2017 logistics gross revenue/turnover. Armstrong & Associates: Top 25 Global Freight Forwarders List ranked by 2017 logistics gross revenue/turnover.*

Summary of statutory financial performance

During the year to 30 June 2018, we continued to deliver significant revenue growth driven primarily by continued strong organic growth across our global business, the addition of over 550 internally developed product enhancements and features to our CargoWise One technology platform, and the acquisition of 15 strategic assets in new geographies and adjacent technologies from which we will accelerate our future growth.

Revenue for FY18 increased 44% to $221.6m (FY17: $153.8m)

Operating profit increased 41% to $58.4m (FY17: $41.5m)

Net profit after tax increased 27% to $40.8m (FY17: $32.2m)

Net profit attributable to equity holders of the parent increased 28% to $40.8m (FY17: $31.9m)

Earnings per share increased 28% to 13.9 cents per share (FY17: 10.9 cents per share)

Summary financial results[1]	**FY18 $m**	**FY17 $m**	**Change $m**	**Change %**
Recurring monthly and annual software usage revenue	198.7	142.4	56.3	*40%*
One Time Licences and support services	22.9	11.4	11.5	*101%*
Total revenue	**221.6**	**153.8**	**67.8**	***44%***
Cost of revenues	(38.7)	(26.1)	(12.6)	*48%*
Gross profit	**182.9**	**127.7**	**55.2**	***43%***
Product design and development[2]	(53.4)	(35.6)	(17.8)	*50%*
Sales and marketing	(24.6)	(16.7)	(7.9)	*47%*
General and administration	(46.6)	(33.9)	(12.7)	*37%*
Total operating expenses	**(124.6)**	**(86.2)**	**(38.4)**	***45%***
Operating profit	**58.4**	**41.5**	**16.9**	***41%***
Net finance (costs) / income	(1.2)	2.7	(3.9)	*n.a.*
Share of profit / (loss) of equity accounted investees	0.0	(0.1)	0.1	*n.a.*
Profit before income tax	**57.2**	**44.2**	**13.0**	***29%***
Tax expense	(16.4)	(12.0)	(4.4)	*37%*
Net profit after tax	**40.8**	**32.2**	**8.6**	***27%***
Net profit after tax attributable to:				
Equity holders of the parent	40.8	31.9	8.9	*28%*
Non-controlling interests	(0.0)	0.3	(0.3)	*n.a.*
Net profit after tax	**40.8**	**32.2**	**8.6**	***27%***

Key financial metrics	**FY18**	**FY17**	**Change**
Recurring revenue %	90%	93%	(3)pp
Gross profit margin %	83%	83%	-
Product design and development as % total revenue[2]	24%	23%	1pp
Sales and marketing as % total revenue	11%	11%	-
General and administration as % total revenue	21%	22%	(1)pp
Capitalised development investment ($m)[3]	35.3	22.0	13.3
R&D as a % of total revenue[4]	34%	33%	1pp

1. *Differences in tables are due to rounding.*
2. *Product design and development expense includes $12.2m ($7.2m in the prior year) depreciation and amortisation but excludes capitalised development investment.*
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 investment each year.*

Review of operations (continued)

Revenue

Total revenue grew 44% to $221.6m (FY17: $153.8m). Increased revenue growth came from:
- increased transaction and user growth within the existing customer base;
- new customers won in the year and growth from customers won in FY17 and FY16; and
- strategic acquisitions completed in FY18 and the full year impact of FY17 acquisitions.

Organic revenues from our existing and new customers rose 37% delivering more than two thirds of our total revenue growth year on year. Growth in organic revenue from existing and new customers was driven by:
- continued increased usage of the CargoWise One platform by existing customer organisations – adding transactions, users, new sites, consolidating operations;
- transition of customer licensing to standard transaction-based licensing;
- revenue from new products and features; and
- onboarding of new sales and increased usage by new customers.

This strong organic growth was despite $1.4m of adverse foreign exchange movements and the effect of transition revenue components that, by their static nature, do not grow period to period. Revenue from existing customers increased by $32.1m, whereas revenue from new customers increased by $12.5m. Given our global reach across 8,000 logistics organisations, many new regional customers will appear in the existing customer category due to an existing relationship for a select component or region.

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

Revenue from customers on acquired platforms increased by $23.2m, including $21.7m from acquisitions completed in FY18. Our strategic acquisitions bring seamless entry into new markets, local leadership, quality customer bases and local infrastructure and development teams which, over time, we will utilise to expand geographically and build globally scalable adjacencies. Initially, the revenue from strategic acquisitions may not be as high growth as our CargoWise One business, nor have our high recurring revenue levels as their revenues tend to have higher levels of One Time Licences (“OTL”) and/or consulting revenue which we will transition over time.

Revenue from OTL and support services rose to $22.9m (FY17: $11.4m), mainly reflecting the contribution of revenue from strategically acquired businesses.

Recurring revenue: 99% of our CargoWise One revenue is recurring revenue. Even with our significant volume of acquisitions in FY18, many of which have higher levels of OTL and support services revenue, our recurring revenue for the Group overall was 90% of total revenue (FY17: 93%).

Customer attrition: The attrition rate for the CargoWise One technology platform continued to be extremely low at under 1%, as it had been for the previous six years since we started measuring. Our customers stay and grow their transaction usage due to the productivity of our platform.

Licensing and transition: All new CargoWise One customers use our transaction-based Seat Plus Transaction Licensing (“STL”) revenue model. With the transition from historical OTL agreements to On-Demand licence models essentially complete, we are focusing on the transition of customers from:
- our Module User Licence (“MUL”) model to STL; and
- acquired platforms to CargoWise One.

For the CargoWise One application suite, the percentage of our On-Demand licence model for FY18 is 99%. Overall, the percentage of On-Demand licence model revenue is 77% of total revenue (FY17: 83%), predominantly reflecting the impact of acquisitions which have higher levels of OTL and support services revenue compared to our CargoWise One platform.

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. As we continue to acquire businesses in new geographies, the range of currencies in which we trade expands.

Gross profit and gross profit margin

Gross profit increased by $55.2m, up 43%, to $182.9m (FY17: $127.7m). Gross profit growth was mainly driven by organic revenue growth.

The acquired businesses have, on average, higher product and service support costs and lower cost leverage due to their smaller size which impact gross profit margins. For each business acquired, we expect the dilutive impact of the current lower profit margin to reduce over time as they become fully integrated onto the CargoWise One platform.

We maintained a strong gross profit margin of 83% (FY17: 83%) for the Group overall, even with the impact of the acquisitions in FY18 on the cost of revenues. The transition of acquired businesses occurs over multiple years.

Operating expenses

Product design and development expense increased *to* $53.4m (FY17: $35.6m), reflecting

- our ongoing investment in development and maintenance for core projects;
- $10.7m related to investments in acquired businesses which:
  - typically have higher levels of maintenance and support costs; and
  - are in the investment phase but were not yet able to accurately track capitalisable costs to the level required; and
- increased depreciation and amortisation of new commercialised products, including PAVE and additional language capabilities, which were commercialised and started to generate revenue during FY18.

Capitalised development investment increased 60% to $35.3m (FY17: $22.0m), reflecting significant growth in the multi-year pipeline of commercialisable innovation assets, additional investment in industry experts and skilled software developers, further investment in customs products, BorderWise and language translations and improvements in our internal development management and time capturing processes through PAVE.

Total research and development investment: We continued our relentless product innovation to further develop our software platform and build our innovation pipeline, increasing our research and development investment over 51% to $76.4m in FY18 (FY17: $50.4m) and to 34% of total revenue (FY17: 33%).

Sales and marketing: During FY18, we invested $24.6m (FY17: $16.7m) in sales and marketing expenses which at 11% of revenue appeared stable year on year (FY17: 11%). However, the total included costs from FY18 acquisitions ($2.9m), costs associated with the impact of the significant increase in WiseTech's share price on deferred equity granted at IPO to close out commission schemes ($1.7m) and costs incurred in building out the commercial foundation as we continue to grow in different geographies.

General and administration expense: These expenses rose to $46.6m (FY17: $33.9m), being 21% of total revenue (FY17: 22%), as we invested in supporting and growing our business globally. The $12.7m increase was driven by:

- increased costs from acquired busineses with their own general and administration costs, including the management teams and CEO Founders for these strategic assets;
- headcount additions in Finance, M&A, Growth and People and Culture to support the expansion of our global operations; and
- additional external M&A costs for FY18 and recently completed acquisitions as well as our in-process pipeline.

Net finance (costs) / income

Net finance costs in FY18 mainly comprised the non-cash interest unwind on contingent consideration, net of interest received on cash reserves. FY17 finance income included 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 AG.

Cash flow

We continued to generate positive cash flows, with $74.2m of net cash flows from operating activities. Investing activities included:

- $104.2m in new acquisitions, as well as contingent payments for acquisitions made in prior years (FY17: $22.9m);
- $35.3m in intangible assets as we further developed and expanded our global platform, resulting in capitalised development investment for both commercialised products and those yet to be launched (FY17: $22.0m); and
- $5.0m in fixed assets mostly related to our data centres and IT infrastructure to enhance the scalability and reliability of our platform and increase capacity for future growth (FY17: $6.9m).

Financing activities included $20.1m (FY17: $7.5m) invested to acquire treasury shares for the issuance of shares to satisfy employee incentive commitments and $2.2m (FY17: $3.7m) of repayments of finance leases.

During FY18, we raised $100.6m of issued share capital to strengthen our balance sheet, execute our strategy and increase the capacity at which we accelerate our long-term growth.

Dividends of $6.0m (FY17: $2.7m) were paid, with shareholders choosing to reinvest an additional $0.5m of dividends via the dividend reinvestment plan (FY17: $0.2m).

Delivery on our growth strategy

The key strategic developments in the year were:

Expansion of our global platform
We invested $76.4m and 51% of our people in product development, further expanding our pipeline of commercialisable innovations and delivering over 550 product upgrades seamlessly across the CargoWise One global platform. We are accelerating our development capability within our development teams across 20 countries. The hundreds of upgrades include initiatives such as:

- launch of BorderWise in Dec 2017 with regional rollout to Australia, New Zealand and the United States of our comprehensive border compliance engine and subsequent rollout across Europe, Mexico and Singapore to come;
- expanded and embedded global tracking across the platform covering vessels and containers for 90% of ocean volumes;
- WiseRates, additional functionality in rates automation and bookings;
- launch of PAVE, a technology layer applied across our CargoWise One workflow engine;
- completion of native China customs and localised CargoWise One platform (including sales, content, education and certification materials); and
- regulatory upgrades for a myriad of government changes including US Automated Commercial Environment, Canada-EU Free Trade, Malaysian uCustoms, Australian GST, China golden tax regime and German ATLAS release.

A sample of larger pipeline components include:

- international e-commerce integrated fulfilment solution for high volume, low value e-commerce shipments from origin to door, currently in pilot test with development partner;
- comprehensive port integration for bookings, manifests, status terminal releases, container load plans and VGM to terminals, carriers, customs and agents;
- Universal Customs Engine designed to deliver complex, multi-year localisations in a fraction of time and cost;
- advancements in architecture engine, GLOW, which allows rapid product development across multiple operating systems on any device, by non-technical staff;
- global air cargo tracking, including air waybill tracking, events and automations allowing exception-based logistics transaction execution; and
- integration of acquired adjacencies and our innovation developments to build out the cargo chain ecosystem for rates, schedules and bookings.

In addition to CargoWise One, in FY18, we also developed single sign on for CargoSphere integrated with WiseRates, developed a standalone PAVE variant, ProductivityWise, which we have licensed for early marketing pilot in non-logistics industries, and progressed our own internal productivity, quality and throughput. We have also invested resources into machine learning, natural language processing, process automation and guided decision support, driven by vast volumes of transactional and border agency data sets to enable enhanced compliance, due diligence, risk assessment and risk mitigation.

Greater usage by existing customers

We experienced continuing existing customer revenue growth of $32.1m which delivered 72% of the FY18 organic revenue growth. 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;
- increasing usage by many of the world's largest freight forwarding groups. We have 24 of the top 25 global freight forwarders as customers and 7 of the top 25 who are on, or have completed, global forwarding rollout, including DSV, DHL and Yusen. The DHL Global Forwarding rollout commenced in FY17 is making significant progress across EMEA and Asia;
- continued transition of customer licensing (excluding acquisitions), with 99% of CargoWise One revenues generated from On-Demand licensing, an access-as-needed, monthly payment based on usage licence and

select customers moving off static transition pricing arrangements to standard transaction-based licence arrangements; and
- further growth in revenue from larger multi-region customers - 34 of the top 50 global 3PLs are now customers, yet, our top 10 customers contribute only 29% of revenue (FY17: 27%).

Increasing the number of new customers on the platform

Revenue growth from new customers rose $12.5m in FY18. New customer wins in FY18 progressed with larger 3PL customers, including Kuehne + Nagel, Expolanka Intl, "K" Line Logistics and Logwin, which are expected to 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 so those new customers add to our existing customers' revenue. Regardless, we are still in early penetration of both new and existing customers.

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 targeted partner programs through WiseBusiness, WiseService and WiseTechnical partners, the WisePartner Referral Program, Certified Professional and deeper WiseIndustry programs for freight forwarding network groups globally. We currently have ~230 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. In FY18, we leveraged our acquired business relationships with key global customers and explored connections between the adjacent acquisitions, CargoWise One and geographic footholds. We also implemented development partnerships with large regional and global rollout customers on pilot technology developments which will drive network effects across the customer base.

Accelerating organic growth through acquisitions

In expanding geographically, we buy into market positions that would take years to build, and we then integrate the acquired industry and developer talent and customers over time to accelerate our organic growth. We further utilise acquisitions in key adjacent technology to facilitate our development of globally scalable innovations, to fuel the convergence of technologies that add to our next generation of automations and machine learning and to grow and enhance our extensive global data and transaction sets.

In FY18, we have progressed product development in China, Italy, Germany, Brazil, Ireland and Australasia, and across our global adjacencies including global rates management, border compliance and land transport. In addition, we announced a further 22 valuable geographic and adjacent acquisitions across Brazil, Taiwan, Australia, North America, the Netherlands, Ireland, France, Belgium, Latin America and Turkey.

Throughout FY18 and to August 2018, our acquisitions for geographic expansion included:
- on 1 August 2017, we completed the acquisition of *Bysoft,* the largest provider of customs and logistics compliance solutions to the logistics industry across Brazil, the largest economy in South America;
- on 31 August 2017, we completed 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 31 January 2018, we completed the acquisitions of two European customs solutions providers, both headquartered in Dublin: *ABM Data Systems*, a leading pan-European developer and provider of customs clearance solutions and *CustomsMatters*, a leading Irish provider of customs solutions;
- on 28 February 2018, we completed the acquisition of *Intris*, the leading Belgian provider of freight forwarding, customs and warehousing management solutions;
- on 31 March 2018, we completed the acquisition of *LSP Solutions*, a leading provider of customs and warehouse management solutions in the Netherlands, Europe's largest port and critical transport hub;
- on 1 May 2018, we completed the acquisitions of two leading Latin American freight forwarding and logistics solutions providers, *Forward* and *Softcargo*, who together provide freight forwarding solutions to 16 countries across Latin America;
- on 1 May 2018, we completed the acquisition of *EasyLog*, a leading customs solutions provider in France, the second largest importer and exporter country in Europe;
- on 2 July 2018, we completed the acquisition of *Ulukom*, a leading logistics and customs solutions provider in Turkey – one of Europe's largest trading partners bridging Europe, the Middle East and Asia;
- on 2 July 2018, we completed the acquisition of *Fenix Data Systems*, a Canadian customs management solutions provider with specialised focus on cross-border road and rail movements;

- in August 2018, we committed to bring *Multi Consult* (the leading provider of customs solutions in Italy, along with their expert solutions for freight forwarding, local TMS and WMS) into the WiseTech Group; and
- on 9 August 2018, we announced the acquisition of *Taric*, a leading provider of customs management solutions in Spain who will accelerate the European development of our global BorderWise solution and extend customs and compliance capabilities for our recent acquisitions of freight forwarding solution providers across Latin America.

Throughout FY18 and to August 2018 our acquisitions for adjacencies and technologies convergent with our innovation pipeline included:

- 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 and on 26 July 2017, we acquired reference data provider, *TradeFox*, both of which we utilised to enhance our cross-border compliance engine, BorderWise;
- on 31 August 2017, we completed the acquisition of *CMS Transport Systems*, a leading Australasian provider of road transport and logistics management systems. This acquisition allows us to further accelerate our local developments in land transport and integrated telematics;
- on 12 September 2017, we completed the acquisition of Netherlands-based *Cargoguide*, a leading provider of global air freight rate management solutions and on 29 September 2017, we completed the acquisition of US-based *CargoSphere,* a leading provider of global ocean freight rate management solutions. These global rate management solutions enable freight forwarders to save millions of hours annually and optimise margins by accessing, organising and systematising rates, contracts and quotes;
- on 1 February 2018, we completed the acquisition of Gartner-rated *Microlistics*, a leading provider of specialist warehouse management solutions for enterprise, express, third-party logistics and cold storage across Asia Pacific and North America;
- on 2 July 2018, we completed the acquisition of *SaaS Transportation*, a specialist Less Than Truckload ("LTL") transport management solutions provider in the United States with US LTL road rate capabilities which will expand our road booking and road rates offering;
- on 2 July 2018, we completed the acquisition of *Pierbridge*, a leading parcel transportation management solutions ("TMS") provider, whose enterprise-class, multi-carrier, parcel shipping solution, allows freight forwarders, warehouses and shippers, such as online retailers, to more efficiently manage high volumes of parcel shipments, and will enable our customers to ship with US-based global couriers; and
- on 16 August 2018, we announced the acquisition of *Trinium Technologies*, a leading intermodal trucking TMS and container tracking provider in the United States and Canada.

These acquisitions are at various stages of completion and integration and, once fully embedded over the coming years, they will expand the functionality, scope and value of our industry-leading technology and provide a strong base for further accelerating our long-term organic growth.

Accordingly, we will continue to execute on our considerable pipeline of near-term, mid-term and long-term acquisition opportunities in our target areas of Asia, Europe and North America.

Post balance date events

As summarised above, we have announced a number of strategic acqusitions since 30 June 2018. Further details can be found in note 30.

Since the period end, the Directors have declared a fully-franked final dividend of 1.65 cents per share, payable on 8 October 2018. The dividend will be recognised in subsequent financial statements.

Expectation for year ending 30 June 2019

The strong momentum and significant organic growth of the Group during FY18, the power of the CargoWise One platform, annual customer attrition rate of less than 1% and continued relentless investment in innovation and expansion across our global business give us confidence to expect, subject to currency movements[2]:

FY19 revenue of $315m - $325m, revenue growth of 42% - 47%,

EBITDA of $100m - $105m and EBITDA growth of 28% - 35%.

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 FY19 guidance is based on rates provided within the Investor Briefing Materials released to the ASX on 22 August 2018.*

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

	Notes	2018 $000	2017 $000
Revenue	3	221,598	153,759
Cost of revenues		(38,672)	(26,055)
Gross profit		**182,926**	**127,704**
Product design and development		(53,372)	(35,609)
Sales and marketing		(24,550)	(16,729)
General and administration		(46,641)	(33,869)
Total operating expenses		**(124,563)**	**(86,207)**
Operating profit		**58,363**	**41,497**
Finance income	4	1,451	4,627
Finance costs	26	(2,676)	(1,896)
Net finance (costs)/income		**(1,225)**	**2,731**
Share of profit/(loss) of equity accounted investees, net of tax		**14**	**(64)**
Profit before income tax		**57,152**	**44,164**
Income tax expense	5	(16,358)	(11,972)
Net profit for the year		**40,794**	**32,192**
Net profit for the year attributable to:			
Equity holders of the parent		40,799	31,860
Non-controlling interests		(5)	332
		40,794	**32,192**
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(3,696)	3,580
Fair value of available-for-sale financial assets reclassified to profit or loss		-	(2,046)
Net gain on available-for-sale financial assets		-	194
Other comprehensive (loss)/income for the year, net of tax		**(3,696)**	**1,728**
Total comprehensive income for the year, net of tax attributable to:		**37,098**	**33,920**
Total comprehensive income for the year, net of tax attributable to:			
Equity holders of the parent		37,053	33,593
Non-controlling interests		45	327
		37,098	**33,920**
Earnings per share			
Basic earnings per share (cents)	6	13.9	10.9
Diluted earnings per share (cents)	6	13.9	10.9

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

Consolidated statement of financial position

As at 30 June 2018

	Notes	2018 $000	2017 $000
Assets			
Current assets			
Cash and cash equivalents	10	121,824	101,603
Trade receivables	11	27,978	13,827
Current tax receivables		3,325	1,754
Other current assets	12	7,652	5,399
Total current assets		**160,779**	**122,583**
Non-current assets			
Intangible assets	8	360,345	133,720
Property, plant and equipment	9	14,291	16,838
Deferred tax assets	5	1,650	1,554
Equity accounted investees	19	-	176
Other non-current assets	12	161	1,355
Total non-current assets		**376,447**	**153,643**
Total assets		**537,226**	**276,226**
Liabilities			
Current liabilities			
Trade and other payables	13	23,076	15,246
Borrowings	16	1,080	2,622
Deferred revenue	14	10,133	12,568
Current tax liabilities		637	2,452
Employee benefits	21	9,182	6,203
Other current liabilities	15	35,462	3,236
Total current liabilities		**79,570**	**42,327**
Non-current liabilities			
Borrowings	16	1,408	1,223
Employee benefits	21	993	754
Deferred tax liabilities	5	23,939	13,664
Other non-current liabilities	15	79,161	4,496
Total non-current liabilities		**105,501**	**20,137**
Total liabilities		**185,071**	**62,464**
Net assets		**352,155**	**213,762**
Equity			
Share capital	17	288,847	166,606
Reserves		(22,206)	(8,335)
Retained earnings		85,095	53,855
Equity attributable to equity holders of the parent		**351,736**	**212,126**
Non-controlling interests		419	1,636
Total equity		**352,155**	**213,762**

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

Consolidated statement of changes in equity

For the year ended 30 June 2018

	Notes	Share capital	Treasury share reserve	Acquisition reserve	Fair value reserve	Share - based payment reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interest	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 for the year		-	-	-	-	-	-	31,860	31,860	332	32,192
Other comprehensive (loss)/income		-	-	-	(1,852)	-	3,585	-	1,733	(5)	1,728
Total comprehensive (loss)/income		**-**	**-**	**-**	**(1,852)**	**-**	**3,585**	**31,860**	**33,593**	**327**	**33,920**
Transactions with owners											
Issue of share capital	17	864	(864)	-	-	-	-	-	-	-	-
Dividends declared and paid	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		(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 non-controlling interest without a change in control		-	-	(11,352)	-	-	-	-	(11,352)	(2,378)	(13,730)
Acquisition of subsidiary with non-controlling interest		-	-	-	-	-	-	-	-	3,952	3,952
Total contributions and distributions		**-**	**-**	**(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**

Consolidated statement of changes in equity (continued)

	Notes	Share capital $000	Treasury share reserve $000	Acquisition reserve $000	Fair value reserve $000	Share - based payment reserve $000	Foreign currency translation reserve $000	Retained earnings $000	Total $000	Non-controlling interest $000	Total equity $000
Balance as at 1 July 2017		**166,606**	**(6,767)**	**(11,352)**	**-**	**10,690**	**(906)**	**53,855**	**212,126**	**1,636**	**213,762**
Net profit/(loss) for the year		-	-	-	-	-	-	40,799	40,799	(5)	40,794
Other comprehensive (loss)/income		-	-	-	-	-	(3,746)	-	(3,746)	50	(3,696)
Total comprehensive income/(loss)		**-**	**-**	**-**	**-**	**-**	**(3,746)**	**40,799**	**37,053**	**45**	**37,098**
Transactions with owners											
Issue of share capital	17	119,397	(18,847)	-	-	-	-	-	100,550	-	100,550
Shares issued under acquisition agreements	17	2,448	-	-	-	-	-	-	2,448	-	2,448
Dividends declared and paid	7	-	-	-	-	-	-	(6,547)	(6,547)	-	(6,547)
Shares issued under dividend reinvestment plan	17	530	-	-	-	-	-	-	530	-	530
Vesting of share rights	17	-	10,710	-	-	(5,676)	-	(5,034)	-	-	-
Transaction costs		(134)	-	-	-	-	-	-	(134)	-	(134)
Treasury shares		-	(1,283)	-	-	-	-	-	(1,283)	-	(1,283)
Equity settled share-based payment expense		-	-	-	-	7,777	-	-	7,777	-	7,777
Dividend from subsidiary to non-controlling interest		-	-	-	-	-	-	-	-	(19)	(19)
Tax benefit from equity remuneration		-	2,621	-	-	-	-	2,022	4,643	-	4,643
Total contributions and distributions		**122,241**	**(6,799)**	**-**	**-**	**2,101**	**-**	**(9,559)**	**107,984**	**(19)**	**107,965**
Changes in ownership interest											
Acquisition of non-controlling interest without a change in control	20	-	-	(5,427)	-	-	-	-	(5,427)	(1,243)	(6,670)
Balance as at 30 June 2018		**288,847**	**(13,566)**	**(16,779)**	**-**	**12,791**	**(4,652)**	**85,095**	**351,736**	**419**	**352,155**

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

Consolidated statement of cash flows

For the year ended 30 June 2018

	Notes	2018 $000	2017 $000
Operating activities			
Receipts from customers		222,980	156,189
Payments to suppliers and employees		(139,174)	(91,953)
Initial public offer fees paid		-	(755)
Income tax paid		(9,631)	(8,552)
Net cash flows from operating activities	24	**74,175**	**54,929**
Investing activities			
Payments for intangible assets		(35,276)	(22,007)
Purchase of property, plant and equipment		(5,046)	(6,890)
Interest received		1,011	2,326
Acquisition of businesses, net of cash acquired	20	(104,162)	(22,907)
Other income		440	298
Net cash flows used in investing activities		**(143,033)**	**(49,180)**
Financing activities			
Repayments of finance lease liabilities		(2,233)	(3,677)
Repayments of borrowings		(1,470)	(236)
Interest paid		(554)	(273)
Dividends paid	7	(6,017)	(2,672)
Dividends paid by subsidiary to non-controlling interest		(19)	(265)
Proceeds from issue of shares		119,397	864
Treasury shares acquired		(20,130)	(7,498)
Transaction costs on issue of shares		(134)	-
Net cash flows from/(used in) financing activities		**88,840**	**(13,757)**
Net increase/(decrease) in cash and cash equivalents		19,982	(8,008)
Cash and cash equivalents at 1 July	10	101,603	109,527
Effect of exchange differences on cash balances		239	84
Net cash and cash equivalents at 30 June	10	**121,824**	**101,603**

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

Notes to the financial statements

For the year ended 30 June 2018

Contents of the notes to the financial statements

Notes to the financial statements (continued)

For the year ended 30 June 2018

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") for the year ended 30 June 2018. 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 25 September 2018. 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 Group 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 2018

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, benefits, bonuses and share-based payments) directly associated with cloud infrastructure and customer consulting, implementation 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 identifiable proportion of design and development expenses contributing to building product and systems that create a benefit in future periods is capitalisable as an intangible asset and then amortised to profit or loss over the estimated life of the asset created. The amortisation of those costs capitalised is included as a product design and development expense

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.

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, M&A and administration employees. They also include legal, accounting and other professional services fees, insurance premiums, acquisition and integration costs associated with the Company's ongoing acquisition strategy, other corporate expenses and allocated expenses.

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 2018

3. Revenue

	2018	2017
	$000	$000
Recurring monthly and recurring annual software usage revenue	198,653	142,391
OTL and support services	22,945	11,368
Total revenue	**221,598**	**153,759**

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.

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

	2018	2017
	$000	$000
Fair value of available-for-sale financial assets reclassified to profit (note 20)	-	2,046
Interest income	1,011	2,283
Other income	440	298
Total finance income	**1,451**	**4,627**

Notes to the financial statements (continued)

For the year ended 30 June 2018

5. Income tax

(a) Income tax expense

Income tax expense/(benefit) comprises current and deferred tax expense/(benefit) 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:

	2018 $000	2017 $000
Current tax	11,209	9,707
Deferred tax	5,844	2,429
Adjustment for prior years - current tax	(786)	(103)
Adjustment for prior years - deferred tax	91	(61)
Income tax expense	**16,358**	**11,972**

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

	2018 $000	2017 $000
Accounting profit before tax	57,152	44,164
Accounting profit before income tax	**57,152**	**44,164**
Add:		
At Australia's statutory income tax rate of 30% (2017: 30%)	17,146	13,249
Non-deductible expenses	291	88
Non-deductible share-based payment expense	-	(111)
Non-deductible acquisition expense	1,699	1,139
Over provision for income tax in prior year	(694)	(164)
	18,442	**14,201**
Less:		
Tax effect of:		
Different tax rates in overseas jurisdictions	59	10
Research and development	(1,790)	(1,003)
Deferred tax adjustments	(346)	(607)
Tax effect on fair value of available-for-sale financial asset reclassified to profit or loss	-	(622)
Other	(7)	(7)
Income tax expense	**16,358**	**11,972**

Notes to the financial statements (continued)

For the year ended 30 June 2018

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 2018

5. Income tax (continued)

(b) Movement in deferred tax balances

2017	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	14,460	4,706	-	(8)	-	19,158
Customer relationships and 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**

	Opening balance $000	Charged to profit or loss $000	Charged to goodwill $000	Exchange differences $000	Charged to equity $000	Total $000
2018						
Software development costs	19,158	8,103	-	2	-	27,263
Customer relationships and brands	1,823	(410)	2,658	18	-	4,089
Provisions	(4,530)	(1,473)	1,274	12	-	(4,717)
Straight-line revenue	944	(843)	-	-	-	101
Deferred revenue	-	252	(363)	-	-	(111)
Unrealised foreign exchange	130	(363)	-	-	-	(233)
Intellectual property	602	(122)	977	25	-	1,482
Property, plant and equipment	(457)	(209)	-	3	-	(663)
Future income tax benefits attributable to tax losses and offsets	56	(623)	(111)	4	-	(674)
Transaction costs	(2,427)	866	-	-	-	(1,561)
Employee equity compensation	(3,032)	429	-	(37)	-	(2,640)
Other	(157)	328	(217)	(1)	-	(47)
Net tax liabilities	**12,110**	**5,935**	**4,218**	**26**	**-**	**22,289**

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 2018

6. Earnings per share ("EPS")

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

	2018	**2017**
Profit attributable to equity holders of the Company ($000)	40,799	31,860
Basic weighted average number of ordinary shares	293,518,539	292,953,647
Basic EPS (cents)	13.9	10.9
Profit attributable to equity holders of the Company ($000)	40,799	31,860
Basic weighted average number of ordinary shares	293,518,539	292,953,647
Shares issuable in relation to equity-based compensation schemes	122,474	336,807
Diluted weighted average number of ordinary shares	293,641,013	293,290,454
Diluted EPS (cents)	13.9	10.9

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 is calculated by dividing the profit for the year 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 2018

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:

	2018	2017
	$000	**$000**
Dividends on ordinary shares declared and paid:		
Final dividend in respect of previous reporting period		
(FY17: 1.2 cents per share)		
- Paid in cash	3,178	-
- Paid via DRP	312	-
Interim dividend for the current reporting period		
(FY18: 1.05 cents per share, FY17: 1.0 cent per share)		
- Paid in cash	2,839	2,667
- Paid via DRP	218	241
Other*	-	5
	6,547	**2,913**

* 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.

	2018	2017
Franking credit balance		
Franking amount balance as at the end of the financial year	**11,248**	3,187
Final dividend on ordinary shares		
Final dividend for FY18: 1.65 cents per share (FY17: 1.2 cents per share)	**4,949**	3,490

After the reporting date, a dividend of 1.65 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 2018

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 1 July 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**

	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/reclassifications	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**

	Computer software	Development costs (WIP)	External software licences	Goodwill	Intellectual property	Customer relationships	Trade names	Patents	Total
At 30 June 2017									
Cost	51,343	31,756	4,803	55,360	12,705	9,235	1,429	187	166,818
Accumulated amortisation and impairment	(18,270)	-	(2,189)	(63)	(9,144)	(3,260)	(172)	-	(33,098)
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 2018

8. Intangible assets (continued)

	Computer software	Development costs (WIP)	External software licences	Goodwill	Intellectual property	Customer relationships	Trade names	Patents	Total
At 1 July 2017	33,073	31,756	2,614	55,297	3,561	5,975	1,257	187	133,720
Additions	-	35,258	-	-	-	-	-	25	35,283
Transfers/reclassifications	30,500	(30,500)	(783)	762	-	-	-	-	(21)
Acquisition via business combination	-	-	757	181,331	10,371	7,607	4,765	-	204,831
Amortisation	(7,414)	-	(824)	-	(2,348)	(1,406)	(359)	-	(12,351)
Disposals	-	-	-	(100)	-	-	-	-	(100)
Exchange differences	4	42	(2)	(767)	(193)	(74)	(27)	-	(1,017)
Net book value at 30 June 2018	**56,163**	**36,556**	**1,762**	**236,523**	**11,391**	**12,102**	**5,636**	**212**	**360,345**
At 30 June 2018									
Cost	81,847	36,556	3,795	236,586	23,425	16,757	6,174	212	405,352
Accumulated amortisation and impairment	(25,684)	-	(2,033)	(63)	(12,034)	(4,655)	(538)	-	(45,007)
Net book value	**56,163**	**36,556**	**1,762**	**236,523**	**11,391**	**12,102**	**5,636**	**212**	**360,345**

Notes to the financial statements (continued)

For the year ended 30 June 2018

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”), which is the lowest level within the Group for which information about goodwill is monitored by internal management, 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.

For the year ended 30 June 2018

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 2018

8. Intangible assets (continued)

Impairment testing for CGUs containing goodwill

At 30 June 2018, the lowest level within the Group for which information is available and monitored for internal management purposes is the consolidated Group which comprises a group of CGUs. This reflects the management of assets and synergies across the Group and is consistent with the Group's segment reporting.

The recoverable amount of this Group of CGUs, 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.

	2018	2017
Post-tax discount rate per annum	11.0%	11.0%
Pre-tax discount rate per annum	14.1%	14.2%
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 has not identified any instances that could cause the carrying amount of the Group of CGUs over which goodwill is monitored, to exceed its recoverable amount.

Notes to the financial statements (continued)

For the year ended 30 June 2018

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 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 and write off	(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**
At 1 July 2017	821	11,708	4,309	-	16,838
Additions	-	4,021	95	-	4,116
Acquisition via business combination	-	933	286	-	1,219
Transfer	(724)	21	-	-	(703)
Depreciation	(72)	(5,997)	(1,284)	-	(7,353)
Exchange differences	(25)	245	(46)	-	174
Disposals	-	-	-	-	-
Net book value at 30 June 2018	**-**	**10,931**	**3,360**	**-**	**14,291**
At 30 June 2018					
Cost	-	30,356	6,522	-	36,878
Accumulated depreciation	-	(19,425)	(3,162)	-	(22,587)
Net book value	**-**	**10,931**	**3,360**	**-**	**14,291**

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 the 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 the 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 2018

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 and 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

	2018	2017
	$000	$000
Cash at bank and on hand	121,824	16,603
Short-term deposits	-	85,000
Cash and cash equivalents	**121,824**	**101,603**

The effective interest rate on cash and cash equivalents was 1.93% per annum (2017: 2.24% 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

	2018	2017
	$000	$000
Trade receivables	29,510	14,282
Provision for impairment of receivables	(1,532)	(455)
	27,978	**13,827**

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 2018

11. Trade receivables (continued)

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

	2018	2017
	$000	**$000**
Opening balance	455	474
Acquisition via business combination	567	185
Impairment loss recognised	783	252
Amount written off	(273)	(456)
	1,532	**455**

Trade receivables that were considered recoverable as at 30 June 2018 were as follows:

	2018	2017
	$000	**$000**
Not past due	25,988	12,672
Past due 0 - 30 days	732	357
Past due 31 - 60 days	683	534
Past due more than 60 days	575	264
	27,978	**13,827**

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. 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.

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

12. Other assets

	2018	2017
	$000	**$000**
Current		
Unbilled receivables	2,382	2,546
Prepayments	2,190	1,003
Deposits	893	486
Indirect tax receivables	686	921
Assets held for sale	724	-
Other	777	443
	7,652	**5,399**
Non-current		
Unbilled receivables	55	906
Other	106	449
	161	**1,355**

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 2018

12. Other assets (continued)

In January 2018, management committed to a plan to sell certain tangible assets classified as land and buildings in South Africa. These assets were used by the business prior to moving to newly leased premises. Accordingly, these assets are classified as held for sale. An agreement for sale has been signed and the sale is expected to complete by December 2018. The land and buildings are now classified as a current asset and have not been depreciated since January 2018.

13. Trade and other payables

	2018	2017
	$000	$000
Trade payables	2,573	1,811
Other payables and accrued expenses	20,503	13,435
	23,076	**15,246**

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

	2018	2017
	$000	$000
Deferred revenue	10,133	9,512
Customer prepayments	-	3,056
	10,133	**12,568**

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 are now classified as customer deposits in other liabilities, due to change in billing arrangements implemented in FY18.

Notes to the financial statements (continued)

For the year ended 30 June 2018

15. Other liabilities

	2018	2017
	$000	**$000**
Current		
Contingent consideration	23,420	3,057
Customer deposits	10,501	50
Other current liabilities	1,541	129
	35,462	**3,236**
Non-current		
Contingent consideration	77,792	3,878
Other non-current liabilities	1,369	618
	79,161	**4,496**
	114,623	**7,732**

Customer deposits represent amounts paid in advance by customers to prepay for services in exchange for price discounts. They were included as part of deferred revenue in the prior year.

16. Borrowings

	2018	2017
	$000	**$000**
Current		
Finance lease liability	459	2,403
Bank loans	621	219
	1,080	**2,622**
Non-current		
Finance lease liability	189	377
Bank loans	1,219	846
	1,408	**1,223**
	2,488	**3,845**

For the year ended 30 June 2018

16. Borrowings (continued)

Bank debt facilities

At 30 June 2018, the Group held debt facilities of $55m (2017: $55m) maturing in September 2019 and no drawdown has been made at 30 June 2018 (2017: nil). Subsequent to year end, in July 2018, the Group extended its debt factility to $100m with maturity in January 2020.

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

Other bank loans

The Group acquired a controlling interest in Softship AG ("Softship") on 1 July 2016. In June 2014, Softship entered into a debt contract with Commerzbank for $1.4m (EUR 1.0m), having a maturity of eight years and a fixed interest rate of 3.29% per annum. The outstanding balance at 30 June 2018 was $0.8m (EUR 0.5m). The bank loan is not secured.

The Group also acquired 100% ownership of Easylog on 1 May 2018. Prior to being acquired, Easylog had entered into debt contracts with Credit Agricole bank for $1.2m (EUR 0.8m) having maturity dates between 48 and 84 months and varying interest rates from 0.84% to 2.31% per annum. The outstanding balance at 30 June 2018 was $1.0m (EUR 0.6m).

Notes to the financial statements (continued)

For the year ended 30 June 2018

17. Share capital and reserves

Ordinary shares issued and fully paid	Shares (000)	$000
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**
At 1 July 2017	**290,827**	**166,606**
Shares issued for cash	7,560	100,550
Shares issued for acquisition of subsidiaries	239	2,448
Shares issued to employee share trust	1,249	18,847
Shares issued under dividend reinvestment plan	57	530
Transaction costs	-	(134)
At 30 June 2018	**299,932**	**288,847**

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 2018, the Group held 1,048,737 of the Company's shares (2017: 940,466 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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

17. Share capital and reserves (continued)

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.

On 22 May 2018, the Group issued $100.6m in shares to a single global institutional investor. In addition, at 30 June 2018 the Group has an undrawn facility of $55m out of the total facility of $55m, to apply towards future strategic initiatives. The total equity of the Group at 30 June 2018 is $352.2m (2017: $213.8m) and total cash and cash equivalents at 30 June 2018 are $121.8m (2017: $101.6m). The total borrowings at 30 June 2018 are $2.5m (2017: $3.8m).

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

18. Parent entity information

As at, and throughout the financial year ended, 30 June 2018, the parent entity of the Group was WiseTech Global Limited.

	2018	2017
	$000	**$000**
Result of parent entity		
Net profit for the year	40,239	27,101
Total comprehensive income for the year	**40,239**	**27,101**

	2018	2017
	$000	**$000**
Financial position of parent entity at year end		
Current assets	183,975	90,882
Total assets	409,940	254,888
Current liabilities	17,786	20,363
Total liabilities	38,439	32,003
Net assets	**371,501**	**222,885**

	2018	2017
	$000	**$000**
Total equity of parent entity comprising:		
Share capital	288,847	166,606
Share-based payment reserve	12,791	10,690
Treasury share reserve	(13,566)	(6,767)
Retained earnings	83,429	52,356
Total equity	**371,501**	**222,885**

(a) Parent entity contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017.

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

The parent entity had no capital commitments as at 30 June 2018 or 30 June 2017.

(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 2018. Refer to note 29 for further details.

Notes to the financial statements (continued)

For the year ended 30 June 2018

19. Group information

Parent entity	Country of incorporation
WiseTech Global Limited	Australia

Subsidiaries	Country of incorporation	% Equity interest 2018	% Equity interest 2017
WiseTech Global (Trading) Pty Ltd	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 (Licensing) Pty Ltd	Australia	100.0	-
WiseTech Global Limited Employee Share Trust	Australia	100.0	100.0
Cargo Community Network Pty Ltd	Australia	100.0	100.0
CMS Transport Systems Pty Ltd	Australia	100.0	-
Microlistics International Pty Ltd	Australia	100.0	-
Microlistics Pty Ltd	Australia	100.0	-
Posbeyikian Buchter y Asociados S.R.L.	Argentina	100.0	-
Intris N.V.	Belgium	100.0	-
CargoWise Brasil Soluções em Sistemas Ltda	Brazil	100.0	100.0
Bysoft Soluções em Sistemas Para Comércio Exterior Ltda	Brazil	100.0	-
WiseTech Global (CA) Limited	Canada	100.0	100.0
Softcargo Chile SpA	Chile	100.0	-
WiseTech Global (China) Information Technology Ltd	China	100.0	100.0
EasyLog SAS	France	100.0	-
CargoWise GmbH	Germany	100.0	100.0
Softship AG	Germany	95.1	77.0
znet group GmbH	Germany	100.0	100.0
WiseTech Global (HK) Limited	Hong Kong	100.0	100.0
Cargowise (Ireland) Ltd	Ireland	100.0	-
ABM Data Systems Limited	Ireland	100.0	-
Cargo Community Systems Limited	Ireland	100.0	-
A.C.O. Informatica S.r.l.	Italy	100.0	100.0
WiseTech Global (Japan) K.K.	Japan	100.0	-
Cargoguide International B.V.	Netherlands	95.0	-
LSP Solutions B.V.	Netherlands	100.0	-
WiseTech Global (NZ) Limited	New Zealand	100.0	100.0
Softship Inc.	Phillipines	95.1	77.0
WiseTech Global (SG) Pte Ltd	Singapore	100.0	100.0
Softship Data Processing Pte Ltd	Singapore	95.1	77.0
WiseTechGlobal (Pty) Ltd	South Africa	100.0	100.0
Core Freight Systems (Pty) Ltd	South Africa	100.0	100.0
Compu-Clearing Outsourcing Limited	South Africa	100.0	100.0
Compu-Clearing (Pty) Ltd	South Africa	100.0	100.0
EDIEnterprise (Pty) Ltd	South Africa	100.0	100.0
Three DX Property and Investments (Pty) Ltd	South Africa	100.0	100.0
Compu-Clearing Drome Property (Pty) Ltd	South Africa	100.0	100.0
Drome Road Share Block (Pty) Ltd	South Africa	100.0	100.0
WiseTech Global (Taiwan) Limited	Taiwan	100.0	-
WiseTech Global (UK) Ltd.	UK	100.0	100.0
Eyalir S.A.	Uruguay	100.0	-
Ilun S.A.	Uruguay	100.0	-
WiseTech Global (US) Inc.	USA	100.0	100.0
Planet Traders, Inc.	USA	100.0	-
Softship America, Inc.	USA	95.1	77.0

Sale of equity accounted investment (Asistim) - One of the Group's subsidiaries, Softship AG sold its 50% share of investment held in Asistim (equity accounted associate).

Notes to the financial statements (continued)

For the year ended 30 June 2018

20. Business combinations and acquisition of non-controlling interests

Acquisitions in 2018

During the period ended 30 June 2018, the Group completed the following 15 acquisitions: :

Business acquired	Date of acquisition	Description of acquisition
TradeFox[1]	26 Jul 2017	Tariff research and compliance tools provider utilised by the Australian customs broking community
Bysoft	31 Jul 2017	Customs and logistics compliance solutions provider across Brazil
Digerati[1]	9 Aug 2017	Tariff research and compliance tools provider utilised by the Australian customs broking community
Prolink[1]	31 Aug 2017	Customs and forwarding solutions provider across Taiwan and China
CMS	31 Aug 2017	Road transport and logistics management systems provider across Australia and New Zealand
Cargoguide	12 Sep 2017	Global air freight rate management solutions provider
CargoSphere	29 Sep 2017	Global ocean freight rate management solutions provider
ABM	31 Jan 2018	Pan-European developer and provider of customs clearance solutions
Customs Matters	31 Jan 2018	e-customs solutions provider
Microlistics	1 Feb 2018	Warehouse management solutions provider
Intris	28 Feb 2018	Freight forwarding, customs and warehousing management solutions provider across Belgium and the Netherlands
LSP	31 Mar 2018	Customs and warehouse management solutions provider in the Netherlands
Forward	1 May 2018	Freight forwarding management and accounting compliance solutions provider across South America
Softcargo	1 May 2018	Freight forwarding management and logistics solutions across South America
Easylog	1 May 2018	Customs clearance and tracking solutions provider in France

[1]Asset acquisitions.

None of the acquisitions completed during the period are individually significant. Accordingly, key information on these acquisitions has been presented on an aggregated basis as set out below.

Provisional details of the fair value of identifiable assets acquired, liabilities assumed, and goodwill determined are set out in the following tables.These values are provisional and amendments may be made to these figures up to 12 months following the date of acquisition if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

For the year ended 30 June 2018

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

Acquisitions in 2018 (continued)

	Total acquisitions $000
Cash and cash equivalents	4,032
Trade receivables	5,753
Current tax receivables	61
Other current assets	2,716
Intangible assets	23,500
Property, plant and equipment	1,219
Other non-current assets	52
Trade and other payables	(10,876)
Deferred revenue	(6,047)
Current tax liabilities	(409)
Employee benefits	(2,071)
Other current liabilities	(2,705)
Borrowings	(2,426)
Deferred tax liabilities	(4,291)
Other non-current liabilities	(233)
Fair value of net identifiable assets acquired (100%)	**8,275**
Acquisition related costs	**5,274**

	Total acquisitions $000
Total consideration paid and payable	189,138
Less: Fair value of net identifiable assets acquired	(8,275)
Goodwill	**180,863**

Total acquisitions

Goodwill

The total goodwill arising on acquisition was $180.9m which related predominantly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that did not meet the recognition criteria as an intangible asset at the date of acquisition.

Consideration paid

Total consideration is $95.9m (includes $94.0m cash and $1.9m equity shares issued) with further contingent consideration payable of $102.5m. Contingent consideration is based on a number of milestones, which are provisionally assessed, including performance-related targets and the integration of the acquired businesses with the Group such as the development of pre-existing capabilities into the Group's existing product. At acquisition, the discounted value of these arrangements was $93.3m. The Group will continue its review of this liability during the measurement period and make necessary adjustments against the liability and goodwill.

In addition to consideration paid, an additional $4.3m of debt like items were settled by the Group following the completion of the acquisitions and are recorded in the Consolidated statement of cashflows as investing activities, acquisition of business, net of cash acquired.

Contribution of acquisitions to revenue and profits

In total, these acquisitions contributed $21.7m to Group revenue and a reduction to net profit of $4.5m from their respective dates of acquisition to 30 June 2018. If the acquisitions had been acquired from 1 July 2017, the contribution to the Group revenue for the year ended 30 June 2018 would have been $42.3m and a reduction to net profit of $7.4m.

Notes to the financial statements (continued)

For the year ended 30 June 2018

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

Acquisitions in 2018 (continued)

Additional investment in Softship AG

During the year ended 30 June 2018, the Group acquired further shares of Softship, increasing its ownership to 95.1%. $6.1m was paid in cash and $0.6m in shares. The Group has adopted the proportionate method of accounting for non-controlling interest which resulted in a reduction of non-controlling interest by $1.2m, and an increase in fair value reserve of $5.4m.

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

Acquisitions in 2017

During the year, the Group acquired Softship AG ("Softship"), znet group GmbH ("znet") and A.C.O. 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
Intangible assets	3,897	1,484
Property, plant and equipment	268	97
Deferred tax assets	-	30
Equity accounted investees	250	-
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)	(455)
Other non-current liabilities	(306)	(12)
Fair value of net identifiable assets acquired (100%)	**6,914**	**692**
Acquisition related costs	**567**	**948**

* The provisional fair value calculations of net identifiable assets acquired and liabilities assumed in FY17 have been finalised. This resulted in additional goodwill of $0.5m and increased deferred tax liabilities of $(0.1)m for acquisitions related to FY17. This information has been updated in the table above.

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 applied and Softship forms part of the consolidated financial statements of the Group.

The fair value of Group's purchase consideration for the 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).

For the year ended 30 June 2018

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 intangible assets 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 represented 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 was $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 was contingent upon no claims against warranties given. The amount was successfully collected in FY18.

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 was valued at 57.16% of the net identifiable assets acquired.

NCI and goodwill arising from the acquisition were 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 was attributable mainly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that did 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 was recorded in the acquisition reserve.

For the year ended 30 June 2018

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, a provider of customs solutions to the logistics industry across Germany. On 9 February 2017, the Group acquired 100% of the shareholding in ACO, a provider of customs compliance solutions to the logistics industry across Italy.

	Other acquisitions
	$000
Total consideration paid and payable	8,814
Less: Fair value of net identifiable assets acquired	(692)
Goodwill	**8,122**

Goodwill

The total goodwill arising on acquisition was $8.1m which relates predominantly to the key management, specialised know-how of the workforce, employee relationships, competitive position and service offerings that did not meet the recognition criteria as an intangible asset at the date of acquisition. The goodwill is not deductible for tax purposes. Of the above, $7.6m goodwill was recorded in FY17 on a provisional basis and a further $0.5m was recognised in FY18 when the accounting was finalised.

Consideration paid

Total cash consideration was $4.8m with further contingent consideration payable of $4.0m. 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 $4.3m.

Contribution of other acquisitions to revenue and profits

In total, the contribution of other acquisitions to revenue was $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 contribution to 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 2018

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 the 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 the Consolidated statement of profit or loss.

21. Employee benefits

	2018	2017
	$000	**$000**
Wages and salaries	106,858	72,681
Share-based payment expense	7,777	3,218
Defined contribution superannuation expense	7,054	4,983
Total employee benefit expense	**121,689**	**80,882**

Annual leave and long service leave

	2018	2017
	$000	**$000**
Current		
Annual leave	6,752	4,670
Long service leave	2,430	1,533
	9,182	**6,203**
Non-current		
Long service leave	993	754
	993	**754**
Total annual and long service leave	**10,175**	**6,957**

Notes to the financial statements (continued)

For the year ended 30 June 2018

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 FY18. These related to share rights granted as part of employee remuneration packages (base remuneration and performance bonus), Christmas bonuses and arrangements following completion of business acquisitions. The awards were granted on various dates in FY18 based on a specified monetary value to each employee and an underlying share price at the time the offer is determined. The fair value of these arrangements was deemed to be the function of the number of share rights granted and the share price at grant date. Share rights granted may vest in predetermined tranches. The vesting can be dependent on continued employment with the Group. The fair value of the grant is recognised in the profit and loss to match to employees service period until vesting. Upon cessation of employment unvested rights are forfeited. The cost recognised in prior periods in respect forfeited rights is credited to profit and loss.

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 $7.8m.

Notes to the financial statements (continued)

For the year ended 30 June 2018

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:

	2018	2017
	$000	**$000**
Short-term employee benefits	2,857	2,493
Post-employment benefits	126	135
Other long-term benefits	417	217
Share-based payments	482	566
Total KMP compensation	**3,882**	**3,411**

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 were no loans outstanding to KMP at 30 June 2018 (2017:nil).

KMP transactions
Directors of the Company controlled 63.08% (2017: 67.69%) of the voting shares of the Company as at 30 June 2018. 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. Some 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 charged/(recovered) and outstanding balances related to KMP and entities over which they have control or significant influence were as follows:

		Transaction values for year ended 30 June		Balance outstanding as at 30 June	
		2018	2017*	2018	2017*
Director	**Transactions**	**$000**	**$000**	**$000**	**$000**
R White and M Isaacs	Company apartments rent[1]	4	91	-	-
R White	Company apartments rent[1]	154	66	-	-
R White and M Isaacs	US office lease[2]	66	745	-	-
R White	US office lease[2]	721	-	-	-
R White and M Isaacs	US data centre services[2]	65	764	-	(406)
R White	US data centre services[2]	650	-	-	-
R White and M Isaacs	Office services agreement[3]	-	(9)	-	-
R White	Office services agreement[3]	(18)	(9)	(8)	-

The above transactions are made at normal market rates.

* The corresponding FY17 figures have been restated to show comparable transactional values.

Notes to the financial statements (continued)

For the year ended 30 June 2018

22. Key management personnel transactions (continued)

[1]The Group has an agreement for apartment leases on properties owned by Marwood White Administrators Pty Ltd, a company controlled by R White. This agreement was transferred from RealWise Holdings Pty Ltd, a company controlled by R White and M Isaacs, on 1 December 2017.

[2]The Group leases office space and procures data centre services from RealWise Chicago LLC, a company controlled by R White. The agreements for office lease and data centre services were transferred from RealWise Investments LLC, a company controlled by R White and M. Isaacs, on 31 July 2017.

[3]The Group provides office accommodation and related services to RealWise Management Pty Limited, a company controlled by R White. This agreement was transferred from RealWise Holdings Pty Ltd, a company controlled by R White and M Isaacs, on 1 January 2017.

23. Auditor's remuneration

	2018	2017
	$	$
Audit and assurance related services		
KPMG Australia		
Audit and review of the financial reports	640,550	470,150
Total audit and assurance related services KPMG Australia	**640,550**	**470,150**
Audit and assurance related services		
KPMG overseas		
Audit of statutory financial reports	202,800	202,200
Total audit and assurance related services KPMG overseas	**202,800**	**202,200**
Total audit and assurance related services	**843,350**	**672,350**
Other services		
KPMG Australia		
Other assurance, advisory and taxation services	65,908	584,100
Total other services KPMG Australia	**65,908**	**584,100**
Other services		
KPMG overseas		
Other assurance, advisory and taxation services	117,927	19,150
Total other services KPMG overseas	**117,927**	**19,150**
Total other services	**183,835**	**603,250**
Total auditor's remuneration	**1,027,185**	**1,275,600**

For the year ended 30 June 2018

24. Reconciliation of net cash flows from operating activities

	2018 $000	2017 $000
Cash flow reconciliation		
Reconciliation of net profit after tax to net cash flows from operations:		
Profit after tax from continuing operations	40,799	31,860
Share of (loss)/profit of non-controlling interests	(5)	332
Net Profit after tax	40,794	32,192
Adjustments to reconcile profit before tax to net cash flows from operating activities:		
Depreciation and impairment	7,353	4,549
Amortisation	12,351	7,850
Doubtful debt expense	783	367
Net finance costs/(income)	1,225	(2,731)
Income from cash flow hedge instrument	-	(267)
Unrealised foreign exchange	474	223
Share-based payment expense	7,777	3,218
Share of (profit)/loss of associate	(14)	64
Exchange differences on cash balances	(239)	(84)
Dividend income from associate	-	(18)
Reclassification adjustment of intangible expensed to P/L	-	595
Change in assets and liabilities:		
(Increase)/decrease in trade receivables	(5,857)	1,387
Decrease in other current and non-current assets	2,344	1,053
Increase in trade and other payables	3,613	4,432
(Decrease)/increase in current tax liabilities	(3,680)	857
Increase in deferred tax payable	10,407	2,612
Increase in other liabilities	1,838	5
Decrease in deferred revenue	(5,426)	(2,397)
Increase in provisions	432	1,022
Net cash flows from operating activities	**74,175**	**54,929**

Notes to the financial statements (continued)

For the year ended 30 June 2018

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	**2018**	**2017**
	$000	**$000**
Recurring revenue	198,653	142,391
Non-recurring revenue	22,945	11,368
Total revenue	**221,598**	**153,759**
Segment profit before tax	**57,152**	**44,164**

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 accessing 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):

	2018	**2017**
	$000	**$000**
Asia Pacific	75,646	50,859
Americas	55,844	40,537
Europe, Middle East and Africa ("EMEA")	90,108	62,363
Total revenue	**221,598**	**153,759**

Non-current assets by geographic location:

	2018	**2017**
	$000	**$000**
Asia Pacific	192,353	101,078
Americas	72,364	2,249
EMEA	111,730	50,316
Total non-current assets	**376,447**	**153,643**

Notes to the financial statements (continued)

For the year ended 30 June 2018

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 2018

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:

	2018		2017	
	Fair value $000	**Carrying amount $000**	**Fair value $000**	**Carrying amount $000**
Contingent consideration	108,990	101,212	7,405	6,935

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

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**

2018	**$000**
Opening balance	6,935
Foreign exchange differences	2,420
Additions	93,636
Unwinding interest and accruals	2,013
Cash paid	(3,792)
Closing balance	**101,212**

The Group has recognised a liability measured at fair value at 30 June 2018 in relation to contingent consideration arising out of various acquisitions made by the Group. 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. It has been discounted accordingly based on estimated time to complete a number of milestones including the successful integration of customers into CargoWise One.

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

For the year ended 30 June 2018

26. Financial instruments (continued)

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. This includes establishing customer deposits (refer to note 15).

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 to note 11 for further details.

Cash and cash equivalents

The Group held cash and cash equivalents of $121.8m at 30 June 2018 (2017: $101.6m). The cash and cash equivalents are held with creditworthy bank and financial institution counterparties.

Notes to the financial statements (continued)

For the year ended 30 June 2018

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

(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.

2018	Carrying amount $000	Contractual cash flow Total $000	Less than 1 year $000	1 - 5 years $000
Financial liabilities				
Contingent consideration	101,212	(108,990)	(23,563)	(85,427)
Bank loans	1,840	(1,975)	(481)	(1,494)
Finance lease liabilities	648	(671)	(473)	(198)
Trade payables	2,573	(2,573)	(2,573)	-
Other payables and accrued expenses	20,503	(20,503)	(20,503)	-
Other liabilities	13,411	(13,411)	(12,042)	(1,369)
Total	**140,187**	**(148,123)**	**(59,635)**	**(88,488)**

2017	Carrying amount $000	Contractual cash flow Total $000	Less than 1 year $000	1 - 5 years $000
Financial liabilities				
Contingent consideration	6,935	(7,405)	(3,285)	(4,120)
Bank loans	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)**

Notes to the financial statements (continued)

For the year ended 30 June 2018

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 at 30 June 2018 are as follows:

• Tranche A $10m (2017: $10m): revolving multi-option facility for general corporate purposes, expiring in September 2019; and
• Tranche B $45m (2017: $45m): revolving acquisition facility to fund permitted acquisitions, expiring in September 2019.

As at 30 June 2018, $nil (30 June 2017: $nil) was drawdown on the facility.

Subsequent to year end, in July 2018, the Group extended its debt factility to $100m with maturity in January 2020.

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:

	2018	2017
	$000	$000
Option premium	-	1,200
Interest expense	431	24
Interest on finance lease liabilities	122	250
Unwinding interest on contingent consideration (non-cash)	2,013	294
Other	110	128
Total finance costs	**2,676**	**1,896**

(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 or EUR against all other currencies at 30 June 2018 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.

Notes to the financial statements (continued)

For the year ended 30 June 2018

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

		Profit or loss		Equity	
	30 June 2018	Change (+10%)	Change (-10%)	Change (+10%)	Change (-10%)
	$000	$000	$000	$000	$000
USD					
Net trade receivables/(payables) exposure	8,286	(753)	921	-	-
GBP					
Net trade receivables/(payables) exposure	220	(20)	24	-	-
ZAR					
Net trade receivables/(payables) exposure	23	(2)	3	-	-
EUR					
Net trade receivables/(payables) exposure	1,291	(117)	143	-	-

		Profit or loss		Equity	
	30 June 2017	Change (+10%)	Change (-10%)	Change (+10%)	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	-	-

Notes to the financial statements (continued)

For the year ended 30 June 2018

26. Financial instruments (continued)

Financial risk management objectives and policies (continued)

Interest rate risk and cash flow sensitivity

At 30 June 2018, the Group held interest bearing financial liabilities (i.e. borrowings) of $1.8m (2017: $1.1m) and held interest bearing financial assets (i.e. cash and short-term deposits) of $121.8m (2017: $101.6m).

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased or decreased profit after tax for the year by $0.4m (2017: $0.7m). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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.

	2018			2017		
	Minimum payments	**Interest**	**Present value of payments**	**Minimum payments**	**Interest**	**Present value of payments**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Within one year	473	13	459	2,504	101	2,403
After one year but not more than five years	198	9	189	390	13	377
	671	**22**	**648**	**2,894**	**114**	**2,780**

Finance leases include motor vehicles and computer equipment for a period of three to seven years. The leases are non-cancellable but do not contain any further restrictions.

Notes to the financial statements (continued)

For the year ended 30 June 2018

27. Leasing and capital commitments (continued)

Operating lease commitments - Group as lessee

	2018 $000	2017 $000
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Within one year	6,250	4,626
After one year but not more than five years	11,980	10,304
More than five years	3,692	3,947
	21,922	**18,877**

The operating leases are for the Group's premises, motor vehicles and computer equipment for periods of one to ten years.

The finance and operating lease expenses charged to profit or loss for FY18 were $5.7m (2017: $5.4m).

28. Non-controlling interests

Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operation	2018	2017
Softship AG	Germany	5%	23%
Softship America Inc.	USA	5%	23%
Softship Dataprocessing Pte Ltd	Singapore	5%	23%
Softship Inc.	Phillipines	5%	23%

The Group intends to acquire 100% of the shares in Softship. The process for squeeze-out of minority interests is in progress in accordance with German Corporate laws.

For movements in non-controlling interests, refer to the Consolidated statement of changes in equity and note 20.

Notes to the financial statements (continued)

For the year ended 30 June 2018

29. Deed of Cross Guarantee

Pursuant to the relief provided under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 and ASIC Instrument 18-0722 (together the Instruments), the five wholly-owned subsidiaries listed below are relieved from Corporations Act 2001 (Cth) requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

In order to receive the benefit of the relief provided under the Instruments the Company and each subsidiary must be a party to the Deed of Cross Guarantee. The effect of the Deed of Cross Guarantee is that each party guarantees to each creditor of each other party, payment in full of any debt in the event of winding up of another party to the Deed of Cross Guarantee. The Company, WiseTech Global (Trading) Pty Ltd and WiseTech Global (Australia) Pty Ltd entered into the Deed of Cross Guarantee on 26 June 2017. On 15 June 2018, WiseTech Global (Licensing) Pty Ltd, Microlistics International Pty Ltd and Microlistics Pty Ltd signed an Assumption Deed for each of them to be joined to the Deed of Cross Guarantee.

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. WiseTech Global (Licensing) Pty Ltd, Microlistics International Pty Ltd and Microlistics Pty Ltd were the parties added to the Deed of Cross Guarantee on 15 June 2018.

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	
	2018	**2017**
	$000	**$000**
Profit from continuing operations before income tax	62,570	41,039
Income tax expense	(18,533)	(10,670)
Profit after tax from continuing operations	**44,037**	**30,369**
Net profit for the period	44,037	30,369
Retained earnings at the beginning of the period	53,613	26,500
Dividend declared and paid	(6,547)	(2,913)
Share premium - retained earnings	-	(343)
Vesting of share rights	(5,035)	-
Tax benefit from equity remuneration	1,615	-
Retained earnings at the end of period	**87,683**	**53,613**

For the year ended 30 June 2018

29. Deed of Cross Guarantee (continued)

	Closed Group 2018 $000	Closed Group 2017 $000
Assets		
Current assets		
Cash and cash equivalents	67,129	92,566
Trade and other receivables	19,066	9,000
Current tax receivables	457	1,747
Other current assets	3,111	4,404
Intercompany receivables	15,728	-
Total current assets	**105,491**	**107,717**
Non-current assets		
Intangible assets	155,874	82,319
Property, plant and equipment	6,901	9,992
Investments in subsidiaries	189,123	75,860
Other non-current assets	7,492	1,322
Total non-current assets	**359,390**	**169,493**
Total assets	**464,881**	**277,210**
Liabilities		
Current liabilities		
Trade and other payables	8,691	8,739
Borrowings	281	2,094
Deferred revenue	4,945	11,125
Current tax liabilities	-	3,336
Employee benefits	6,671	4,901
Intercompany payables	-	6,491
Other current liabilities	20,056	3,319
Total current liabilities	**40,644**	**40,005**
Non-current liabilities		
Borrowings	-	258
Employee benefits	993	754
Deferred tax liabilities	19,493	11,419
Other non-current liabilities	26,377	633
Total non-current liabilities	**46,863**	**13,064**
Total liabilities	**87,507**	**53,069**
Net assets	**377,374**	**224,141**
Equity		
Share capital	288,847	166,606
Retained earnings	87,683	53,613
Reserves	844	3,922
Total equity	**377,374**	**224,141**

Notes to the financial statements (continued)

For the year ended 30 June 2018

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 2018

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) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount, and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group’s other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity accounted investee is no longer equity accounted.

(f) 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).

Notes to the financial statements (continued)

For the year ended 30 June 2018

30. Other disclosures (continued)

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.

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.

Significant valuation issues are reported to the Audit Committee.

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

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

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

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

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

30. Other disclosures (continued)

(g) 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; and
• 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.

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

AASB 15 requires the Group to identify deliverables in contracts with customers that qualify as “performance obligations”. The transaction price receivable from the customer must be allocated between the performance obligations identified in the contract on a relative standalone selling price basis.

Applying the standard requires application of a 5 step process:

• Identify the contract with the customer;
• Identify the performance obligations in the contract;
• Determine the transaction price;
• Allocate the transaction price to the performance obligations based on their relative standalone selling price;
• Recognise revenue when (or as) performance obligations are satisfied.

The standard will also require additional disclosure for the disaggregation of revenue, information about performance obligations, remaining performance obligations and other qualitative disclosures.

The Group has undertaken and completed a review of its standard customer contract, specific contracts with individually significant customers and contracts with customers in place at acquired subsidiaries in order to determine the impact of AASB 15, and quantified where necessary the impact the standard will have when it becomes effective from 1 July 2018.

Based on the work performed the Group does not expect the introduction of the standard to have a significant impact on its consolidated financial statements.

Notes to the financial statements (continued)

For the year ended 30 June 2018

30. Other disclosures (continued)

Specific contract arrangements considered were as follows:

Seat plus Transaction Licence (STL) billing model

Some customers access our software on an as needed basis, this is referred to as Software-as-a-Service ("SaaS"). Customers contracted under this "Seat plus Transaction Licence" model pay a monthly fee per user and are also billed for transactions executed in the software. Part of the ongoing SaaS includes providing the customer with a right to upgrades and technical support.

Revenue for these contracts is recognised at the time the customer is billed. The application of AASB 15 is consistent with Group's current approach to revenue recognition and will not result in any change to revenue recognised in future periods.

One Time Licence (OTL) billing model

The Group has a number of contracts where an OTL is granted to customers to use the system. Technical support is provided to the customer on an "as needed basis".

The Group currently recognises the initial licence fee when first billing the customer. Technical support revenue is recognised as a stand-ready service during the contract.

The application of AASB 15 is consistent with Group's current approach to revenue recognition and will not result in any change to revenue recognised in future periods.

Discounts and "bundling" of services

As is a practice of many industries, service offerings can be "bundled" together such that customers achieve a discounted offering by contracting to purchase services (which can be purchased separately) as part of a larger software arrangement.

AASB 15 requires the revenue for individual service offerings to be recognised as they are delivered to the customer at the relative proportion of the transaction price. The discount delivered to the customer is allocated on a basis of the transaction price and recognised as the service is delivered.

The Group has assessed its current recognition basis for bundling of services. Based on this assessment the Group does not expect the application of AASB 15 to result in a significant impact to its consolidated financial statements.

Termination clauses

The Group operates Maintenance and Licensing Agreements (MLAs) with standard termination clauses. Applying AASB 15, when there is a deviation to standard termination arrangements, revenue recognised when the license is first established may need to be deferred and amortised over the contract period.

The Group has assessed termination clauses in current contracts. Based on this assessment the Group does not expect the application of AASB 15 to result in a significant impact to its consolidated financial statements.

Material rights in the form of contract renewal options or incremental discounts

Contracts may involve customers having the option to obtain discounts upon renewal of existing arrangements.

AASB 15 considers a material right to be a separate performance obligation in a customer contract which gives the customer an option to acquire additional goods or services at a discount or free of charge. The inclusion of these clauses may give rise to the deferral of revenue until the contract renewal takes place.

The Group has assessed renewal options on current contracts. Based on this assessment the Group does not expect the application of AASB 15 to result in a significant impact to its consolidated financial statements.

30. Other disclosures (continued)

(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 undertook 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.

(h) Events after reporting period

Acquisitions

On 2 July 2018, the Group completed the acquisition of a 100% interest in Ulukom Bilgisayar Yazılım Donanım Danışmanlık ve Ticaret AŞ ('Ulukom'), the leading provider of customs and logistics solutions to the logistics industry across Turkey. The Company will pay $2.9m upfront, with a potential earnout payment of $4.6m for future revenue growth. With current annual revenue of approximately $1.9m and approximately $0.5m contribution to EBITDA, this transaction is not material to the Group.

On 2 July 2018, the Group completed the acquisition of SaaS Transportation. The combined annual revenues and EBITDA for these acquisitions are approximately $1.8m and $0.5m respectively. Total upfront consideration is $2.1m, with a further multi-year earn-out potential of up to $1.7m.

On 2 July 2018, the Group completed the acquisition of a 100% interest in Fenix Data Systems ('Fenix'), the leading provider of customs management solutions provider in Canada. The Company will pay $2.5m upfront, with a potential earnout payment of $0.8m related to business and product integration, and revenue performance. With current annual revenue of approximately $0.9m and approximately $0.1m contribution to EBITDA, this transaction is not material to the Group.

On 2 July 2018, the Group completed the acquisition of a 100% interest in Pierbridge Holdings Inc. ('Pierbridge'), the leading parcel shipping transportation management solution provider in USA. The Company will pay $37m upfront, with a potential earnout payment of $22.4m related to business and product integration, and revenue performance. With current annual revenue of approximately $9.3m and approximately $0.1m contribution to EBITDA, this transaction while of strategic value, is not material to the Group.

On 9 August 2018, the Group announced the acquisition of a 100% interest in Taric S.A ('Taric'), the leading provider of customs mangement solutions in Spain. The Company will pay $25m upfront, with a further multi-year potential earnout payment of $21.9m related to business and product integration, and revenue performance. With current annual revenue of approximately $8.9m and approximately $1.2m contribution to EBITDA, this transaction while of strategic value, is not material to the Group.

On 16 August 2018, the Group announced the acquisition of a 100% interest in Trinium Technologies ('Trinium'), the leading provider of intermodal trucking transportation management systems in United States and Canada. The Company will pay $40.9m upfront, with a potential earnout payment of $27.7m related to business and product integration, and revenue performance. With 2017 annual revenue of approximately $11.4m and approximately $3.6m contribution to EBITDA, this transaction while of strategic value, is not material to the Group.

In August 2018, we committed to bring Multi Consult (the leading provider of customs solutions in Italy, along with their expert solutions for freight forwarding, local TMS and WMS) into the WiseTech Group and we expect to complete this transaction during FY19. The total purchase cost is expected to be less than $4m. With current annual revenues of approximately $4m, this transaction is not material to the Group.

These acquisitions are expected to bring to the Group, key management, specialised know-how, employee relationships, competitive position and service offerings. The initial accounting surrounding these acquisitions has not been completed.

Notes to the financial statements (continued)

For the year ended 30 June 2018

30. Other disclosures (continued)

Debt facility

Subsequent to year end, in July 2018, the Group extended its debt factility to $100m with maturity in January 2020.

Dividend

Since the period end, the Directors have declared a fully franked final dividend of 1.65 cents per share, payable 8 October 2018. The dividend will be recognised in subsequent financial statements.

(i) Contingent assets and contingent liabilities

There were no contingent assets or liabilities that have been recognised by the Group in relation to FY18 or FY17.