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aconex

Aconex Limited
ABN 49 091 376 091

Initial Public Offering

Prospectus

Joint Lead Managers

MACQUARIE

UBS











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Important Notices

Offer

The Offer contained in this Prospectus is an invitation by Aconex Limited ABN 49 091 376 091 (**Aconex** or **Company**) and Aconex SaleCo Limited ACN 602 035 852 (**SaleCo**) for you to apply for fully paid ordinary shares (**Shares**) in Aconex.

This Prospectus is issued by the Company and SaleCo.

Vote to approve the Offer

Completion of the Offer is conditional on the approval of Existing Shareholders at an extraordinary general meeting scheduled to be held on 5 December 2014. If the Offer is not approved by the Existing Shareholders, the Offer will not proceed.

Conversion

As at the Prospectus Date, the Company has on issue the Existing Shares, comprising Class A Preference Shares, Convertible Preference Shares and ordinary Shares. The Company also has Options on issue. All of the Class A Preference Shares and Convertible Preference Shares will be converted into Shares on or before the Business Day prior to Completion of the Offer pursuant to the Conversion. Certain of these Shares will be sold to SaleCo by Selling Shareholders under sale deeds (and sold by SaleCo to Successful Applicants under the Offer) and the Shares not sold will be retained by the Existing Shareholders. On Listing, the Company will only have one class of share on issue, being fully paid ordinary Shares. See Sections 9.4 and 9.6 for further details.

Shares issued to Existing Shareholders on Conversion of the Existing Shares are issued pursuant to the disclosure made in this Prospectus.

Lodgement and Listing

This replacement prospectus is dated 25 November 2014 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. It is a replacement prospectus which replaces the prospectus dated 17 November 2014 and lodged with ASIC on that date (**Original Prospectus**). For the purposes of this document, this replacement prospectus will be referred to as the **Prospectus**.

The Prospectus provides the following disclosure:

- in the "Key Offer Statistics" on page 3, the proceeds of the Offer paid to Selling Shareholders is specified as $90.0 million and the proceeds of the Offer raised by the issue of Shares by the Company is specified as $50.0 million;
- in Section 1.3 on page 14 and Section 3.7 on page 55, a statement regarding the expected profitability and growth of the international business has been replaced with a statement noting that the growth and profitability of the international business has historically followed a similar trajectory as the ANZ business;
- details of the exercise of Options by Directors Leigh Jasper and Rob Phillpot have been included in Section 6.3.1.1 (pages 120 and 121); and
- a definition of Segment Operating Contribution Margin has been included in Section 10.

None of ASIC, the Australian Securities Exchange (**ASX**) or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company has applied to ASX for listing and quotation of the Shares on ASX. No Shares will be issued or transferred on the basis of this Prospectus later than 13 months after the date of the Prospectus.

Note to Applicants

The Offer contained in this Prospectus is not financial advice and does not take into account the investment objectives, financial position and particular needs of any individual investors.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In particular, in considering this Prospectus and the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances and seek professional advice from your accountant, financial adviser, tax adviser, stockbroker, lawyer or other professional adviser before deciding to invest. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1.4 and 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the Shares. No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or SaleCo.

As set out in Section 7, it is expected that the Shares will be quoted on the ASX initially on a deferred settlement basis. The Company, SaleCo and the Joint Lead Managers each disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any state securities law in the United States and may not be offered, sold, pledged or transferred in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer. Please refer to Section 7.7 for details on the restrictions that apply to distribution of the Prospectus, and the issue and sale of Shares, in jurisdictions outside Australia.

Obtaining a copy of this Prospectus

A hard copy of the Prospectus is available free of charge to any Retail Offer Applicant in Australia by calling the Aconex Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.30am and 5.30pm (Melbourne time), Monday to Friday.

This Prospectus is also available to Retail Offer Applicants in electronic form via the Offer website, www.aconex.com/shareoffer. This Prospectus is not available to persons in jurisdictions outside Australia.

Exposure Period

The Corporations Act prohibits the Company and SaleCo from processing Applications in the seven day period after the date of lodgement of the Original Prospectus (**Exposure Period**). The Exposure Period enabled the Original Prospectus to be examined by market participants prior to the processing of Applications. The Exposure Period expired on 24 November 2014. Applications received during the Exposure Period, and Applications received after the expiry of the Exposure Period but prior to the lodgement of this Prospectus (dated 25 November 2014) have not been processed by the Company and will not receive any preference.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Do not rely on forward looking statements

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Directors or any other person in connection with the Offer. You should rely only on information in this Prospectus. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this

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Prospectus.

This Prospectus contains forward looking statements, which are statements which may be identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words.

These statements are based on an assessment of present economic and operating conditions and on a number of assumptions regarding future events and actions that, at the date of the Prospectus, are expected to take place (including the key assumptions set out in Sections 4.7.1 and 4.7.2). Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management, and SaleCo and its directors. The Company and SaleCo cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

Forward looking statements should be read in conjunction with the risk factors set out in Section 5, the assumptions contained in Financial Information set out in Section 4 and other information in the Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial Information presentation

The basis of preparation and presentation of the Financial Information in this Prospectus is set out in Section 4.2. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 4.7 (including the general assumptions and specific assumptions), the sensitivity analysis in Section 4.8 , the significant accounting policies in Section 11, and the risk factors in Section 5.

All references to FY12, FY13, FY14 and FY15 appearing in this Prospectus are references to the financial years ended or ending 30 June 2012, 30 June 2013, 30 June 2014 and 30 June 2015 respectively, and references to CY14 and CY15 are to the calendar years ending 31 December 2014 and 31 December 2015 respectively. All references to 1H FY14, 1H FY15 and 1H FY16 are to the six month periods ended or ending 31 December 2013, 31 December 2014 and 31 December 2015 respectively.

The Historical Financial Information, including the Pro Forma Financial Information, has been prepared and presented in accordance with the recognition and measurement principles prescribed by the AASB, except where otherwise stated. Compliance with full AAS ensures compliance with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board.

This Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

Certain financial data included in this Prospectus, such as EBITDA and EBIT, are 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of Aconex. Readers are cautioned not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

Financial amounts and exchange rates

Aconex has historically prepared its financial information in Australian dollars as its reporting currency. This policy will continue following Completion of the Offer and unless otherwise indicated the financial information included in this Prospectus is presented in Australian dollars (indicated by **A$** or **$**).

Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Privacy

By filling out the Application Form to apply for Shares, you are providing personal information to the Company and SaleCo through the Company's Share Registry, which is contracted by the Company to manage Applications. The Company, SaleCo and the Share Registry may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide all the information requested in the Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection that is afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act and Australian taxation legislation require the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory.

Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website (www.aconex.com).

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the website are incorporated by reference unless otherwise specified in this Prospectus.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in the Glossary in Section 10 or otherwise defined where used in the body of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne time.

Unless otherwise stated or implied, references to dates or years are calendar year references.

Questions

If you have any questions about how to apply for Shares, call the Aconex Offer Information Line on 1300 737 760 (Australia) or +61 2 9290 9600 (outside Australia) between 8.30am and 5.30pm (Melbourne time), Monday to Friday.

If you have any questions about whether to invest in the Company you should seek professional advice from your accountant, financial adviser, tax adviser, stockbroker, lawyer or other professional adviser.

This document is important and should be read in its entirety.

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Important Information

Key Offer dates

Prospectus Date	Tuesday, 25 November 2014
Retail Offer period opens (**Opening Date**)	Tuesday, 25 November 2014
Retail Offer period closes (**Closing Date**)	Thursday, 4 December 2014
Existing Shareholder vote to approve the Offer*	Friday, 5 December 2014
Completion of the Conversion	Monday, 8 December 2014
Completion of the Offer and commencement of trading on a deferred settlement basis	Tuesday, 9 December 2014
Expected completion of dispatch of holding statements	Wednesday, 10 December 2014
Shares expected to commence trading on a normal settlement basis	Thursday, 11 December 2014

* See Section 9.17 for further details.

Note: This timetable is indicative only. Unless otherwise indicated, all times given are Melbourne time. The Company, in consultation with the Joint Lead Managers, reserves the right to vary any and all of the above dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Completion of the Offer, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before Completion of the Offer, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

Key Offer statistics

Offer Price	$1.90
Total number of Shares to be offered under the Offer	73.7 million
Gross proceeds of the Offer	$140.0 million
Proceeds of the Offer paid to Selling Shareholders	$90.0 million
Proceeds of the Offer raised by the issue of Shares by the Company	$50.0 million
Total number of Shares on issue at Completion of the Offer	164.4 million
Total number of Shares held by Existing Shareholders on Completion of the Offer	90.7 million
Market capitalisation at the Offer Price[1]	$312.3 million
Pro forma net cash (as at 30 June 2014)[2]	$25.9 million
Enterprise value at the Offer Price[3]	$286.4 million
Option adjustment to cash and equity value[4]	$9.5 million
Fully diluted enterprise value at the Offer Price	$295.9 million
Fully diluted enterprise value/pro forma CY15 forecast revenue (times)[5]	3.5x

1. Market capitalisation at the Offer Price is defined as the Offer Price multiplied by the total number of Shares on issue at Completion of the Offer.
2. Pro forma net cash is calculated as cash and cash equivalents less current and non-current borrowings (as at 30 June 2014), calculated on a pro forma basis immediately after Completion of the Offer.
3. Enterprise value at the Offer Price is defined as market capitalisation at the Offer Price, less pro forma net cash of $25.9 million as at 30 June 2014.
4. Option adjustment to cash and equity value for 6.3 million vested and 8.0 million unvested options (assumes 80% vesting conversion).
5. The Forecast Financial Information is based on the information set out in Section 4.7 and the accounting policies set out in Section 11 and is subject to the risks set out in Section 5. There is no guarantee that forecasts will be achieved. Certain Financial Information included in this Prospectus is described as pro forma for the reasons described in Section 4.2. Forecast Financial Information has been included in this document for FY15, CY14, CY15, 1H FY15 and 1H FY16.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus.

Instructions on how to apply for Shares are set out in Sections 1.7, 7.3 and 7.4 of this Prospectus and on the back of the Application Form.

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Chairman's Letter

Dear Investor

On behalf of the Board of Directors, it is my pleasure to invite you to become a Shareholder in Aconex.

Aconex is a leading cloud collaboration platform for the global construction industry. The Company was founded in 2000 and today has served over 50,000 user organisations working on projects valued at more than $800 billion worldwide. Aconex had approximately 1,070 fee-paying customers using the Aconex platform over the course of FY14 and currently has 402 employees in 41 offices around the world.

Our customers use the Aconex platform to collaborate, with other project users, on large-scale, complex construction projects where timely delivery, risk mitigation, compliance, and accurate cost management are crucial to successful project completion. Aconex allows the diverse range of project participants (such as owners, developers, contractors and suppliers) to collaborate on a single, integrated platform across the entire lifecycle of the project from planning to construction, delivery and operation. Aconex has been used on a number of substantial construction projects as diverse as the Panama Canal Expansion, the Dubai Metro construction, the Roy Hill Mine development, The Venetian Macao, the Battersea Power Station and the New York City Hall Reconstruction.

Our customers and users connect to the Aconex platform using desktop, laptop, tablet or mobile devices, from field or office locations. These connections facilitate collaboration on our platform by managing project workflows, authoring and exchanging documents, communicating with team members and executing business-to-business processes such as tendering or project delivery.

We deliver our products using a Software-as-a-Service (**SaaS**) subscription model where fee-paying customers and other project participants ('users', who do not pay fees to Aconex) subscribe to the Aconex platform for the lifetime of a project. The subscription-based nature of our business model provides us with a high degree of predictability for forward revenues because projects are frequently multi-year in nature.

Aconex is the leader in the construction collaboration market in Australia and New Zealand (**ANZ**) and has built a profitable business in ANZ with a FY14 Segment Operating Contribution Margin of 65%. Aconex has, over a number of years, been investing in multiple international markets, most of which are larger construction markets than the ANZ region, in order to seek to replicate its ANZ success globally. While FY12 to FY14 revenue in the ANZ region grew 40%, the revenue growth rate for the international Aconex business was 59% for the same period. This international revenue growth trajectory is underpinned by Aconex's historical expenditure of approximately $50 million over the last 5 years in developing its scalable SaaS platform, an established global sales, marketing and customer service network of 250 employees across 22 countries and global support infrastructure including leased capacity in 8 data centres around the world.

We believe Aconex stands to benefit from the increasing adoption of cloud collaboration in the construction industry worldwide. Our future revenue is expected to benefit from: the rising complexity and cost of construction projects; the increasing digitisation of project documents and workflows; the adoption of increasingly advanced design tools such as Building Information Modelling (which allows a digital representation of physical and functional characteristics of a building, often in 3D); and the growing Aconex user community which provides positive "network effects" in spreading the adoption of our platform through project collaboration worldwide.

The purpose of the Offer is to provide Aconex with access to capital markets and added financial flexibility to pursue further growth opportunities, create a liquid market for the Shares and to give Existing Shareholders the opportunity to realise part of their investment in Aconex.

Upon Completion of the Offer, new Shareholders are expected to hold 45% of the Shares. Existing Shareholders, including management, will hold the remaining 55% of Shares. All of the Shares and options held by the Directors (including Leigh Jasper and Rob Phillpot) and Stephen Recht and Paul Perrett on Completion of the Offer will be escrowed until the Company releases its results for the period ending 31 December 2015 to the ASX.

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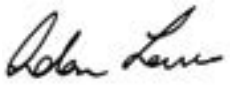
This Prospectus contains detailed information about the Offer and the historical and forecast financial position of Aconex, as well as the material risks associated with an investment in the Company. I encourage you to read this document carefully and in its entirety before making your investment decision.

Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in Aconex. These risks include, but are not limited to, failure to retain existing clients and attract new business, competition from new entrants, lack of market acceptance of construction collaboration solutions, the international business not achieving growth targets, failure to develop suitable new products, disruption or failure of technology systems, loss or theft of data and failure of data security systems. Please refer to Section 5 for further details.

I believe the Aconex management team and Board have grown Aconex into a solid platform for global business growth. The Company has established a significant, profitable and growing ANZ business, and has been expanding rapidly internationally. The exciting new products we have launched this year are expected to enable us to enlarge our addressable markets and provide rich new construction collaboration solutions for both new and existing customers.

On behalf of my fellow Directors, I look forward to welcoming you as a Shareholder in Aconex.

Yours sincerely,



Adam Lewis
Chairman

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1 Investment Overview

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Health & Education



Location: Adelaide, Australia

aconex

1. Investment Overview

1.1 Introduction

Topic	Summary	For more information
What is Aconex?	Aconex is a leading cloud collaboration platform for the global construction industry. The Company's platform enables over 50,000 user organisations worldwide to collaborate across the lifecycle of construction projects, from planning to delivery and operations. Aconex delivers its platform using a Software-as-a-Service (**SaaS**) subscription model. The Aconex platform is accessible on a worldwide basis, 24 hours a day, via desktop, laptop, tablet and mobile devices.	Sections 2.1, 3.1 and 3.2
What industries and segments does Aconex operate in?	Aconex provides construction collaboration solutions to all major segments of the US$10.9 trillion global construction industry[1], including residential and commercial, government and infrastructure and energy and resources.	Section 2.2
What is construction collaboration?	Construction collaboration solutions are Software-as-a-Service platforms that provide information and process management tools for the construction industry. Construction collaboration solutions assist teams to deliver projects and manage assets throughout the complete project lifecycle, providing technologies to facilitate and enhance industry activities including document management, Building Information Modelling (**BIM**), bid and tender processes, workflows, field management and asset hand over.	Section 2.3
What is Software-as-a-Service (SaaS)?	SaaS is where software is centrally hosted and licensed on a subscription basis. Users log into the software simply via a web browser or mobile device, and interact with information and processes hosted by the SaaS provider on a central platform (often called the "cloud"). Across multiple industries, the SaaS model has become a popular alternative to traditional installed or client-server software because the SaaS provider manages the hardware and software centrally, allowing customers to reduce or eliminate the cost of maintaining in-house technology systems. Unlike traditional software which is conventionally sold as a perpetual licence with an upfront cost (and an optional ongoing support fee), SaaS providers generally price applications using a subscription fee, most commonly a monthly fee or an annual fee. The subscription-based licensing model typically delivers recurring revenue for providers. The central, hosted nature of the SaaS platform allows providers to take advantage of economies of scale, which usually drive cost scalability as the business grows.	Section 2.3.1.1
Why is the Offer being conducted?	The Offer is being conducted to provide Aconex with: – a liquid market for its Shares; and – additional financial flexibility and access to capital markets, to assist it to pursue its corporate strategy. The Offer also provides Existing Shareholders with an opportunity to realise part of their investment in Aconex.	Section 7.1.2

1 Global Database, Global Construction 2025 (July 2013).

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1.2 Key features of Aconex's business model

Topic	Summary	For more information
Who uses Aconex?	Aconex has a diversified group of over 50,000 user organisations using the platform worldwide, representing a broad range of geographies, segments, and enterprise types and sizes. "Users" refers to both fee-paying customers and non-paying users. Under the Aconex business model, the Owner or Contractor is typically the paying organisation (the customer) with a number of additional non-paying consultants, sub-contractors and other project participants using the system for the life of a project. There were approximately 1,070 fee-paying customers using the Aconex platform over the course of FY14. Aconex has established relationships with asset owners, Engineering, Procurement and Construction (**EPC**) and "tier 1" contractors, mid-tier contractors and project managers who represent many of the largest organisations in the global construction industry. For the twelve months ended 30 June 2014, no single Aconex customer accounted for more than 5% of revenue and the top 10 customers accounted for 15% of revenue[2].	Section 3.3
Why do customers select Aconex?	The Aconex platform delivers multiple benefits to customers and users, such as faster project execution, lower project risk, higher employee productivity, and improved project compliance. The Aconex platform typically offers a more secure, reliable, and faster approach to collaboration compared to legacy, manual or in-house systems. Additionally, the SaaS nature of the Aconex delivery model allows customers to reduce the costs and risks of technology systems, providing convenient ways for customers and users to broaden their collaboration activities by purchasing additional Aconex features and modules.	Section 3.3
How does Aconex generate its revenue?	Aconex generates its revenue from the sale of its SaaS construction collaboration solutions. Customers pay Aconex on subscription basis for a licence to use its solutions. The nature of the Aconex business model means that there is a single paying organisation (the customer), usually the Owner or the Contractor, with a number of additional non-paying consultants, sub-contractors and other project participants using the system for the life of a project. The project users who are not customers do not pay any fees to Aconex. Aconex typically determines pricing based on project size and complexity, charging a percentage of the total construction value of the project (or projects). The Company offers the option for customers to pay on a per-user basis; however, greater than 90% of customers prefer to pay a fixed subscription fee for unlimited users. Subscriptions are typically structured either on a per-project basis, covering the lifecycle of a project, or on an enterprise basis which allows a customer to use Aconex products for multiple projects. Aconex offers a broad set of collaboration products, providing the Company with opportunities to license additional products to customers as their needs evolve.	Sections 3.4 and 4.6.1.1

2 A customer is considered to be one corporate group, notwithstanding that Aconex may have agreements in place with a number of different entities in the group.

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Topic	Summary	For more information
What is the Company's corporate strategy?	The Company's corporate strategy is to increase shareholder value by: – Growing revenues through continued penetration of the global construction collaboration industry and continued expansion of Aconex's product offerings; and – Growing earnings through the realisation of global and technology economies of scale as Aconex grows and technology is enhanced, allowing the Company to deliver collaboration products more efficiently. To achieve the corporate strategy, Aconex is focused on a set of key strategic initiatives including: – Driving sales and marketing into underpenetrated industry segments and regions such as Asia, the Americas and Europe, the Middle East and Africa (**EMEA**); – Leveraging existing customer relationships and communities via the "network effect" to further entrench its existing user base and attract new users; – Continued improvement and enlargement of the Aconex product offering through innovative research and development; and – Opportunistic assessment of acquisition targets that may accelerate strategic growth.	Sections 3.6, 3.7 and 3.8
Who does Aconex compete with?	The competitive landscape within the global cloud construction collaboration solutions segment is fragmented, with a limited number of providers of scale. Outside of these construction collaboration providers, there are other providers who are not considered direct competitors because their products are created or installed in-house (these in-house products are typically older, manual or more time-consuming) or their products, while designed for the construction industry, are not purpose built for collaboration.	Section 2.6
How does Aconex expect to fund its operations?	Aconex has funded its operations through cash flow generated by the business and through debt and equity capital. Aconex expects to fund its future operations through cash flow generated by the business and through debt and equity capital. The Directors believe that Aconex will have sufficient working capital to carry out its stated objectives.	Section 4.4.5
What is the Company's dividend policy?	The Directors have no current intention to declare and pay a dividend over the Forecast Period. It is the Directors' intention to invest the Offer proceeds received by the Company and future cash flows into the execution of the Company's growth strategy as outlined above. The payment of a dividend by Aconex is at the sole discretion of the Directors and will be a function of a number of factors, including general business conditions, the operating results and financial condition of Aconex, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by Aconex, and any other factors the Directors may consider relevant.	Section 4.9

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<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What is Aconex's pro forma historical and forecast financial performance?</td><td>
<table>
<tr><th></th><th colspan="3">Pro Forma Historical</th><th colspan="2">Pro Forma Forecast</th></tr>
<tr><th>$ millions</th><th>FY12</th><th>FY13</th><th>FY14</th><th>FY15</th><th>CY15</th></tr>
<tr><td>Revenue</td><td>44.3</td><td>52.3</td><td>66.2</td><td>76.5</td><td>84.8</td></tr>
<tr><td>EBITDA</td><td>(4.2)</td><td>(9.8)</td><td>(4.1)</td><td>1.2</td><td>8.0</td></tr>
<tr><td>NPAT</td><td>(9.7)</td><td>(17.2)</td><td>(9.9)</td><td>(3.2)</td><td>2.6</td></tr>
<tr><td>Earnings per Share (cents per Share)</td><td></td><td></td><td></td><td>(1.96)</td><td>1.59</td></tr>
</table>
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<tr><th></th><th colspan="3">Statutory Historical</th><th colspan="2">Statutory Forecast</th></tr>
<tr><th>$ millions</th><th>FY12</th><th>FY13</th><th>FY14</th><th>FY15</th><th>CY15</th></tr>
<tr><td>Revenue</td><td>44.3</td><td>52.3</td><td>66.2</td><td>76.5</td><td>84.8</td></tr>
<tr><td>NPAT</td><td>(37.8)</td><td>(23.7)</td><td>(27.5)</td><td>13.8</td><td>2.6</td></tr>
</table>
1. Pro forma NPAT is reconciled to statutory NPAT in Section 4.3.3.

The financial information in the table above is intended as a summary only and should be read in conjunction with the more detailed discussions of the financial information disclosed in Section 4, as well as the risk factors set out in Section 5.
</td><td>Section 4.3.1</td></tr>
<tr><td>What will Aconex's capital structure be on Completion of the Offer and completion of the Conversion?</td><td>
Pursuant to the Conversion, all of the Class A Preference Shares and Convertible Preference Shares on issue as at the Prospectus Date will convert into ordinary Shares on or before the Business Day prior to Completion of the Offer.

Completion of the Conversion will occur prior to Completion of the Offer. Further, 700,530 Options will be exercised in connection with the Offer.

On Listing, the Company will have on issue:
– 164,351,770 ordinary Shares; and
– 6,296,771 Options and an additional 8,027,237 unvested Options,

and there will be no classes of share on issue other than fully paid ordinary Shares.

Details of the Options are set out in Section 9.5.
</td><td>Sections 9.4 and 9.5</td></tr>
</table>

1.3 Key strengths

Topic	Summary	For more information
Leading collaboration platform for the global construction industry	Aconex is a leading collaboration platform for the global construction industry. The total addressable market size of the global construction collaboration solutions market is estimated to be US$5.6 billion[3]. The market position of Aconex is enhanced by a network effect, where the value of its offering is incrementally enhanced for each user as more users join the platform. The Company's business model and an unlimited usage pricing structure act to drive the network effect, whereby there are no restrictions on the number of users for a particular subscription. As more users join the Aconex network, and as more projects are managed, more information is captured, increasing the value to each user and organisation. The increase in users in the Aconex network over time is expected to further entrench Aconex as a leading collaboration platform for the global construction industry.	Section 3.1
Leading global delivery infrastructure	Aconex supports over 50,000[4] user organisations on construction projects valued at more than $800 billion worldwide. The Company has 41 offices in 22 countries around the world, serving customers in more than 70 countries. The Aconex platform has been used to manage over 1.18 billion documents[5] to date.	Section 3.1
Increasing project complexity, new technologies, and network effects driving penetration	In addition to the benefits of using construction collaboration solutions in the construction industry, increasing project complexity, technology trends, and network effects are acting to accelerate the uptake of these solutions. Project complexity is increasing due to the growing size and scope of projects, regulatory scrutiny, and contractual complexity. This has led to increased data sophistication and advancement in project management methodologies which encourage the adoption of better software tools for collaboration, information and process management. Technology trends driving increased adoption of construction collaboration solutions include increasing uptake of SaaS, widespread use of mobile devices and the growing penetration of BIM or model management. Network effects among users of construction collaboration solutions, based on the underlying collaborative dynamics in the construction industry, also act to drive adoption. Each additional user enriches the network, encouraging users to manage more information and processes, across more projects, creating benefits for everyone on the platform.	Section 2.4

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3 Frost & Sullivan Australia Pty Ltd, Independent Market Report on the Construction Collaboration Solutions Market.

4 50,046 registered user organisations as at 27 September 2014. There were approximately 1,070 fee-paying customers using the Aconex platform over the course of FY14.

5 As at 31 August 2014. Includes correspondence received, documents/files registered, workflow document transmittals and tenders raised.

Topic	Summary	For more information
Significantly differentiated solution	The Aconex offering differentiates itself from competitor offerings by seeking to be a user-friendly SaaS platform, designed for the 'cloud', and purpose-built for the construction industry with fully integrated information and process management, mobility and BIM functionality. The system provides customers with a single project-wide neutral platform and a complete independent audit trail of all information and processes. Furthermore, customers subscribe to the service through a model which permits unlimited users and unlimited customer service on a project. Aconex is uniquely positioned to serve customers delivering complex projects involving high numbers of participating organisations. The functionality of the Aconex product offering is the result of the Company's involvement in some of the largest global construction projects for the last 10 years. Examples include the Panama Canal, Marina Bay Sands, Dubai Metro, Roy Hill Mine and the Indira Gandhi Airport Terminal 3. In the last five years, Aconex has spent approximately $50 million in research and product development. In recognition of Aconex's global excellence in software development, the Aconex platform and Aconex Smart Manuals module were awarded the Constructech Magazine's Top Products Awards in the commercial sector for 2014 in their respective categories.	Sections 2.6 and 3.2
Subscription model delivering recurring revenues	The Company generates recurring revenues as a result of the sale of its product offering under a subscription model. Revenue visibility as at June 30 2014 is high, with approximately 75% of FY15 revenue and 56% of CY15 revenue[6] to be generated under contracts relating to committed and operating projects. For all Aconex products, revenue is recognised over the service period.	Sections 3.4 and 4.3

6 See Section 9.8 for a summary of revenue entitlements under the Company's customer contracts.

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Topic	Summary	For more information
Profitable and scalable ANZ business being successfully replicated globally	Aconex is a leader in construction collaboration in Australia and New Zealand, and has built a profitable business with FY14 Segment Operating Contribution Margin of 65%. The ANZ region has been an early adopter with deep penetration of construction collaboration solutions, ahead of most other markets internationally. Of the top 50 contractors in ANZ, 80% are customers of Aconex and 42% have standardised the use of Aconex across all of their projects on enterprise-wide agreements[7]. Aconex has, for several years, been replicating its ANZ success globally as it penetrates multiple international markets, most of which are larger construction markets than the ANZ region. The revenue growth rate for the international Aconex business was 59% from FY12 to FY14. Historically, the growth and profitability of the international business has followed a similar trajectory to that of ANZ. Aconex has established a global sales, marketing and customer service network of 250 employees across 22 countries, supported by 204 Corporate, Finance and Administration, Operations and Research and Development staff, in Melbourne, San Francisco, Dubai, Hong Kong and Bangalore. In addition to expenditure in developing technology of approximately $50 million over the last five years, Aconex has built a global data hosting infrastructure across 8 leased data centres across Australia, Asia, the Middle East, Europe and the Americas. This business and technology infrastructure provides a significant platform from which to support customers and the international business's current growth trajectory. The Company's operating leverage is further enhanced by a declining variable cost base in established markets. As the number of Aconex users increases, the incremental training and support costs per new project typically decline because return users do not require re-training. This is evident in the service efficiency in ANZ, with helpdesk and client operations costs decreasing from 12% of revenue in FY11 to 9% in FY14.	Sections 3.6, 3.7 and 4.3

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7 Based on the top 50 contractors in the HIA-Cordell Construction 100, Australia's 100 Largest Commercial Construction Companies 2012/2013.

Topic	Summary	For more information
Strong growth opportunities	In addition to penetration growth in existing geographies, Aconex management has identified a number of additional growth opportunities. ***Further entrench existing user base*** Further entrench existing user base in established market segments by converting current customers billed on a per-project basis to enterprise subscription agreements. ***Up-sell new products and further penetrate existing products*** Aconex had a major release of new product modules in October 2014. In addition, there is an opportunity to increase the penetration of the full range of existing products and services by upselling Optional Modules to underpenetrated customers. ***Extended service offering opportunities*** Monetise currently non-paying user base through the development of product modules targeted at non-paying subcontractors, builders, and suppliers. ***Expansion of industry segments*** Expand into underserved industry segments with similar collaboration characteristics to the construction industry, including transportation, defence, shipbuilding and manufacturing. ***Opportunistic assessment of acquisition opportunities*** Achieve growth through the acquisition of complementary product functionality or to access a new client base.	Section 3.8
Stable and highly experienced management team	Aconex has a highly experienced management team with a depth of global and industry-relevant experience. Aconex is led by CEO Leigh Jasper, who co-founded the Company in 2000 with Rob Phillpot, Senior Vice President Product and Engineering. Aconex has a stable management team, with an average tenure of approximately 6 years. The Aconex management team has strong operational experience, wide construction industry expertise and a deep understanding of the SaaS delivery model. The current management team has successfully led Aconex's international expansion into construction industry markets including US, Canada, China and Saudi Arabia; and has broadened the Company's product base by introducing a wide range of new products that serve collaboration needs across the construction project life cycle.	Sections 6.1 and 6.2

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1.4 Key risks

Topic	Summary	For more information
Failure to retain existing clients and attract new business	Aconex may not be able to retain its existing clients and attract new clients. Also, the Company's customer subscription models may expire or not be renewed. Aconex is also dependent on its clients undertaking new projects. Customer contracts that Aconex has entered into, and projects that Aconex has successfully tendered for, may be delayed or terminated and Aconex may not be entitled to recover all outstanding fees. Certain customers may also be entitled to terminate their contracts without cause on short notice and without financial penalty.	Section 5.1.1
Aconex operates in a competitive industry	The construction collaboration solutions industry that services the construction industry is subject to vigorous competition. Some of the Company's competitors, including large global software corporations and local operators in specific markets, may have longer operating histories, greater market share in certain markets or greater financial and other resources, which may make them better able to withstand any downturns in the market or expand into new and developing markets more aggressively than Aconex.	Section 5.1.2
Competition from new entrants to the construction collaboration solutions industry	Aconex operates in an increasingly competitive industry where a number of participants are targeting or may target entry into the construction collaboration solutions industry. New entrants may offer more competitive prices and may compete against Aconex with cheaper products that have less functionality. Competitive pressure from new entrants to the construction collaboration solutions industry may affect the Company's ability to sustain or increase prices and Aconex may face competition from well-resourced, larger SaaS vendors operating in adjacent industries. These companies may be in a better position to develop competitive products and may be able to expand into new and developing markets more aggressively than Aconex.	Section 5.1.3
Lack of acceptance of construction collaboration solutions software	Aconex sells its construction collaboration solutions software as an alternative to existing in-house information management systems that have been developed by construction industry participants over a considerable period of time. If the Company's construction collaboration platform is not accepted and used by organisations in the construction industry, or if the market for collaboration solutions in the construction industry fails to grow at the expected rate, demand for Aconex's core product could be negatively impacted and the Company's ability to sustain and grow its business may be adversely affected.	Section 5.1.4
Expansion of international business may not achieve intended outcomes	Aconex's international growth plans may be inhibited by unforeseen issues particular to a territory and may be subject to various risks, including the need to invest significant resources and management attention to the international expansion and the possibility that the desired level of return on its international business will not be achieved.	Section 5.1.5

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Topic	Summary	For more information
Reliance on its core product and failure to develop new products	Aconex derives a significant majority of its revenue from sales of its core construction collaboration solutions platform. The Company's future success will depend on its ability to develop new products, features and enhancements to its core construction collaboration platform. When Aconex introduces new products, there is a risk that these new products may result in unforeseen costs, may fail to achieve anticipated revenue or may not achieve the intended outcomes. A failure by Aconex to develop successful new products, features and enhancements may adversely impact its business and financial position and prospects.	Section 5.1.6
Disruption or failure of technology systems	Aconex is dependent on the performance, reliability and availability of its technology and the cloud-based environment in which it provides its products. As Aconex also relies on third party service providers, many potential operational issues are outside the Company's control. The systems used by the Company may be adversely affected by disruption, failure, service outages or corruption. This may lead to operational or business delays, damage to the Company's reputation, claims against Aconex by its customers and the eventual termination of customer contracts. Aconex's third party technology supplier contracts may also not entitle the Company to recover all of the losses it may suffer, or be terminated at short notice.	Section 5.1.7
Loss or theft of data and failure of data security systems	Aconex's products are designed to maintain the confidentiality and security of its customer information. Aconex's business may be adversely affected by the theft, destruction, loss, misappropriation or release of customer information or the loss or theft of networks and information systems of the Company's third party service providers and customers. These activities may cause significant disruption to Aconex's systems. It may also subject Aconex to reputational damage, claims by its customers, termination of contracts, regulatory scrutiny and fines.	Section 5.1.8
Migration to a new data provider and reliance on that provider	Aconex is in the process of migrating its platform to a new third party provider, after which Aconex will no longer own and control core systems hardware or have direct control over the services that its clients receive. The third party data provider may fail to adequately deliver Aconex's products and the transition to the new provider may result in interruptions or delays in access to the Company's products. Aconex's level of service delivery will be dependent on the performance of its data provider and risks facing the third party data provider. Termination of the third party data provider arrangements or a lapse or interruption of service, or damage to the third party data provider's facilities, may result in interruptions as well as delays and additional costs. Aconex may not be entitled to recover all of these potential losses under the relevant third party contract.	Section 5.1.9

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1.5 Directors and key management

Topic	Summary	For more information
Who are the Directors of Aconex?	• Adam Lewis, Independent Non-Executive Chairman • Leigh Jasper, Chief Executive Officer and Co-Founder • Rob Phillpot, Senior Vice President, Product & Engineering and Co-Founder • Keith Toh, Non-Executive Director • Paul Unruh, Independent Non-Executive Director • Simon Yencken, Independent Non-Executive Director As at the Prospectus Date, Keith Geeslin is a Director of Aconex. Mr Geeslin will retire as a Director on Completion of the Offer.	Section 6.1
Who are the key management of Aconex?	• Leigh Jasper, Chief Executive Officer and Co-Founder • Stephen Recht, Chief Financial Officer • Rob Phillpot, Senior Vice President, Product and Engineering and Co-Founder • Paul Perrett, Chief Operating Officer • David Chatterton, Chief Information Officer • Andrew Savitz, Chief Marketing Officer • Chris Dobbyn, Senior Vice President, Corporate Development • Henry Jones, Senior Vice President, EMEA and Global Accounts • James Cook, General Counsel	Section 6.2

1.6 Significant interests of key people and related party transactions

Topic: **Who are the Existing Shareholders and what will be their interest in the Company at the Completion of the Offer?**

Shareholder	Total Existing Shares held as at Prospectus Date[1]	Existing Shares held as at Prospectus Date (%)	Shares held on Completion of the Offer	Shares held on Completion of the Offer (%)
Francisco Partners	32,857,143	23.9%	-	-
Leigh Jasper	14,380,032	10.5%	13,025,700	7.9%
Rob Phillpot	14,354,032	10.5%	12,950,826	7.9%
Board of Directors[2]	5,695,543	4.1%	5,331,380	3.2%
Employees and Other Investors	70,032,701	51.0%	59,359,654	36.1%
Investors in the Offer	-	-	73,684,210	44.8%
Total	**137,319,451**	**100.0%**	**164,351,770**	**99.9%**

1. As described in Section 9.4, all classes of Existing Shares will convert into ordinary Shares before Completion of the Offer on a 1:1 basis.

2. Excluding Leigh Jasper and Rob Phillpot.

For more information: Sections 6.3.3.4, 7.1.5 and 9.4

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Topic	Summary	For more information
What significant benefits are payable to Directors and other persons connected with the Company or the Offer and what significant interests do they hold?	See table below	Section 6.3.3.4

Directors	Ordinary Shares held as at the Prospectus Date	Converible Preference Shares held as at the Prospectus Date	Options held as at the Prospectus Date*	Shares held on Completion of the Offer	Options held on Completion of the Offer*
Adam Lewis	-	2,857,680	598,875	2,857,680	598,875
Leigh Jasper	14,379,032	1,000	1,152,000	13,025,700	1,152,000
Rob Phillpot	14,353,032	1,000	690,000	12,950,826	690,000
Keith Toh	-	-	-	16,000	-
Paul Unruh	145,783	-	154,217	145,783	154,217
Simon Yencken	340,000	2,352,080	120,000	2,311,917	120,000

*Includes vested and unvested Options.

1. The above table does not take into account any Shares the Directors may acquire under the Offer.
2. All Non-Executive Directors will receive Directors' fees.
3. Advisers and other service providers are entitled to fees for services as disclosed in Section 6.3.5.
4. Keith Geeslin does not hold any Existing Shares or Options.

Will any Shares be subject to restrictions on disposal following Completion?	The following disposal restrictions will apply: – All of the Shares and Options held by the Directors (including Leigh Jasper and Rob Phillipot) and Stephen Recht and Paul Perrett on Completion of the Offer will be escrowed until the Company releases its results for the period ending 31 December 2015 to the ASX; and – All of the Escrowed Securities held by the other Escrowed Securityholders will be escrowed until the Company releases its results for the period ending 30 June 2015 to the ASX.	Section 9.10
What arrangements has Aconex made with Francisco Partners?	Aconex has entered into an agreement with Francisco Partners which, subject to the Offer proceeding, will facilitate the conversion of Francisco Partners' Class A Preference Shares into Shares and the disposal of those Shares via the Offer. Francisco Partners has agreed to convert its Class A Preference Shares into Shares on a 1:1 basis on the day prior to the first day of trading of Shares on the ASX and sell all those Shares into the Offer at the Offer Price. In consideration of Francisco Partners providing these commitments in circumstances where Francisco Partners' Class A Preference Shares cannot be compulsorily converted by Aconex, Aconex has agreed to make a US$23.5 million compensation payment to Francisco Partners. Francisco Partners has also committed to take such further steps as are necessary to facilitate the above arrangement, and to procure that any of its affiliates also comply with the arrangement.	Section 9.7

1.7 Overview of the Offer

Topic	Summary	For more information
What is the Offer?	The Offer is an initial public offering of 73,684,210 Shares that will be issued by the Company and transferred by the Selling Shareholders via SaleCo. The Offer comprises the Retail Offer and the Institutional Offer. Each Share will rank equally with Shares already on issue. A summary of the rights attaching to the Shares is set out in Section 7.9.	Section 7.1
Who are the issuers of the Prospectus?	Aconex Limited ABN 49 091 376 091 and Aconex SaleCo Limited ACN 602 035 852.	Sections 7.1 and 9.1

Topic	Summary	For more information
What is SaleCo and what is its involvement in the Offer?	SaleCo is a special purpose vehicle established to sell Shares acquired from Selling Shareholders. The Selling Shareholders have executed deeds under which they have irrevocably offered to sell certain Shares held by them (some of which are to be issued pursuant to the Conversion) to SaleCo free from encumbrances and third party rights and conditional on (among other things) completion of the Conversion. SaleCo will aquire in total 47.4 million Shares from Selling Shareholders (including Francisco Partners).	Section 9.6
What is the proposed use of funds raised under the Offer?	The Offer is expected to raise $140.0 million, plus an additional $0.7m in proceeds from the exercise of Options in connection with the Offer. The funds received under the Offer, together with other cash available to the Company at Completion, will be applied as follows: – $90.0 million will be paid to the Selling Shareholders as consideration for the sale of their Shares to SaleCo (as described in Section 9.6). These funds will not be retained by the Company; – $7.3 million will be used to pay the costs of the Offer; – US$23.5 million will be paid to Francisco Partners as a cash compensation payment in consideration for agreeing to the conversion of the Class A Preference Shares; and – $16.2 million will be retained by the Company. The Company's intended uses of its cash balance post Completion of the Offer is set out in Section 7.1.3.	Sections 4.4.1, 7.1.2 and 7.1.3
Will the Shares be quoted on the ASX?	Aconex has applied for admission to the Official List of the ASX and quotation of Shares on the ASX under the code "ACX". Completion of the Offer is conditional on the ASX approving this application. Completion of the Conversion will occur prior to Completion of the Offer. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.2
What is the condition for the Offer proceeding?	Completion of the Offer is conditional on the approval of Existing Shareholders at an extraordinary general meeting scheduled to be held on 5 December 2014. If the Offer is not approved by the Existing Shareholders, the Offer will not proceed.	Section 9.17

How is the Offer structured?	The Offer comprises:
	– the Retail Offer, consisting of the:
	  – Broker Firm Offer, which consists of an offer to investors in Australia who are not Institutional Investors and who have received a firm allocation of Shares from their Broker; and
	  – Chairman's List Offer to selected investors who have received a Chairman's List Invitation; and
	– the Institutional Offer, which consists of an invitation to acquire Shares made to Institutional Investors in Australia and certain other overseas jurisdictions.
		Section 7.1.1

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Topic	Summary	For more information
Is the Offer underwritten?	Yes. The Offer is fully underwritten by the Joint Lead Managers.	Sections 7.1.1 and 9.9
What is the allocation policy?	The allocation of Shares between the Institutional Offer, the Broker Firm Offer and the Chairman's List Offer will be determined by the Company and the Joint Lead Managers. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their eligible retail clients. The Company, in consultation with the Joint Lead Managers, will determine the allocation of Shares among applications under the Chairman's List Offer.	Sections 7.3.4, 7.4.6 and 7.5.2
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	You may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.12
When will I receive confirmation that my Application has been successful and when can I sell my Shares?	It is expected that trading of the Shares on the ASX will commence on or about 9 December 2014, initially on a deferred settlement basis. It is expected that the dispatch of holding statements will occur on or about 10 December 2014 and that Shares will commence trading on the ASX on a normal settlement basis on or about 11 December 2014. Refunds to Applicants will be made as soon as possible after settlement of the Offer, which is expected to occur on or about 8 December 2014. No interest will be paid on any refunds.	Section 7.8.3
How can I apply?	Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus. Broker Firm Offer Applicants who receive an allocation of Shares under the Broker Firm Offer should follow the instructions provided by their Broker. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.	Sections 7.3.2 and 7.4.2
Can the Offer be withdrawn?	Yes, Aconex may withdraw the Offer at any time before Completion of the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.	Section 7.6
Where can I find out more information about this Prospectus or the Offer?	Call the Aconex Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.30am and 5.30pm (Melbourne Time), Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether Aconex is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, tax adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.	Important Notices

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2 Industry Overview

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Aviation & Port



Location: New Delhi, India

aconex

2. Industry Overview

2.1 Introduction

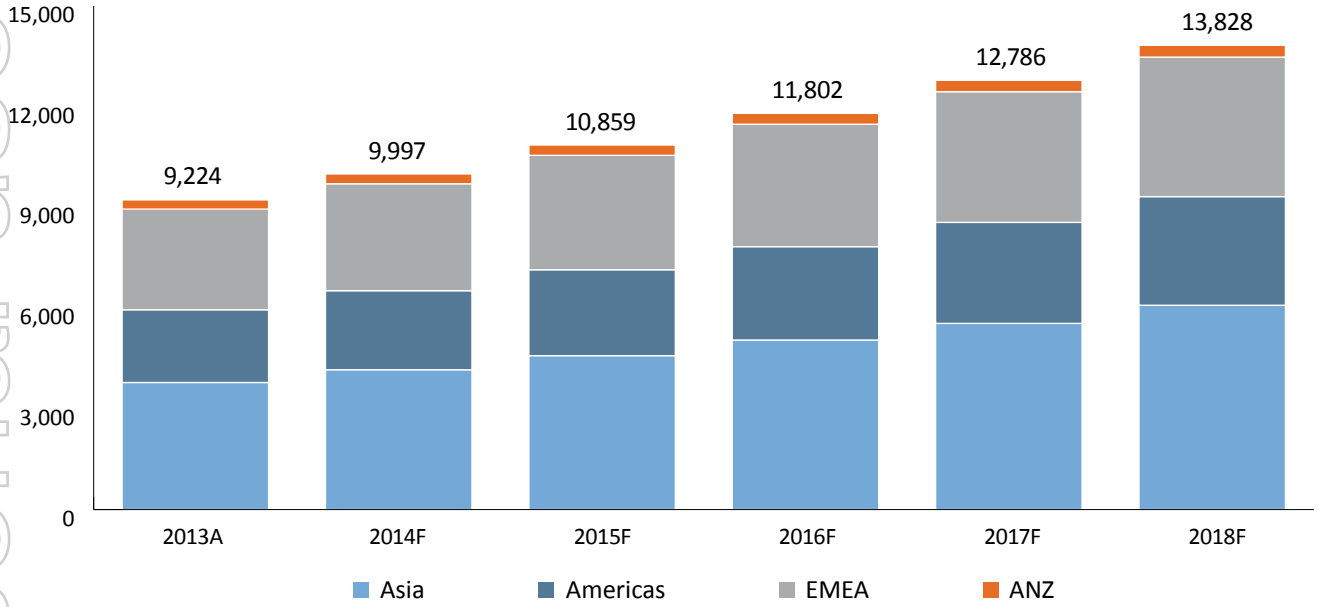
Aconex is a leading cloud collaboration platform for the construction industry. The Company has 41 offices serving a network of over 50,000 user organisations worldwide[8].

There were approximately 1,070 fee-paying customers using the Aconex platform over the course of FY14.

2.2 Construction industry overview

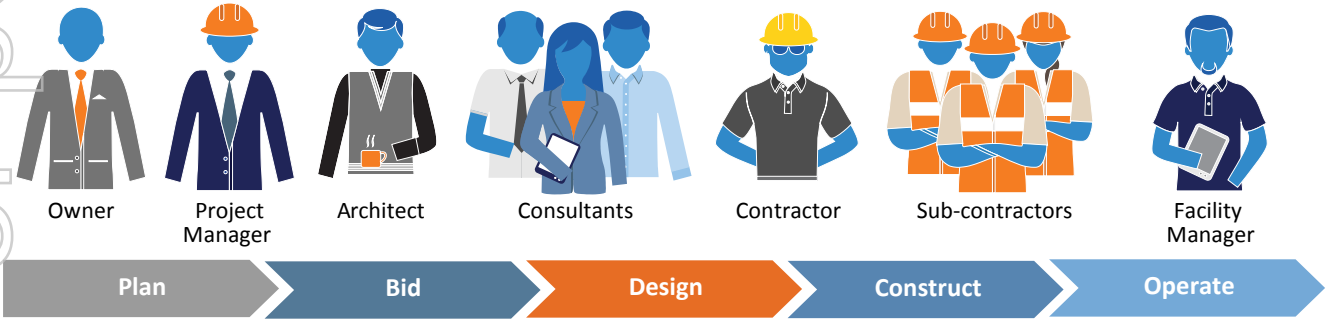
Global construction industry output is forecast to be US$10.9 trillion in 2015 and is growing at 8.4% per year[9]. Key segments in the industry include residential and commercial, government and infrastructure, and energy and resources industry segments.

Figure 1: Global construction industry output forecast[10]



Construction projects are frequently complex, requiring collaboration between many participants across the many stages in the construction life cycle, as illustrated in Figure 2 below.

Figure 2: The construction industry participants and project lifecycle



Effective execution of construction projects is dependent on the quality of project collaboration, which impacts factors such as timely delivery of materials, legal and environmental compliance, building quality, cost compliance and overruns, and litigation risks.

8 Aconex data to 31 August 2014.

9 Global Database, Global Construction 2025 (July 2013). Compound annual growth rate 2013 to 2018, nominal dollars.

10 Global Database, Global Construction 2025 (July 2013). Nominal dollars adjusted assuming International Monetary Fund, World Economic Outlook (April 2014) global historic and forecast inflation rates.

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Prior to the advent of construction collaboration solutions, construction project information management was accomplished using manual and paper-based processes. Legacy project management software tools and home-grown solutions were built on installed, inflexible architectures, and centred on one organisation's needs. These legacy solutions do not facilitate a collaborative environment with project participants using numerous isolated platforms, and as such do not address the challenges facing the construction industry such as coordinating project-wide workflows or maintaining an independent audit trail for all project information. Additionally, these legacy solutions do not meet the new technology requirements for mobility and BIM.

Construction projects are inherently complex with many different organisations needing to work together throughout the project lifecycle, from planning and design through to construction and operations. The complexity of the construction industry can consequently result in challenges throughout the lifecycle of a project. During the planning and design phase, challenges include organising feasibility studies, agreeing scope, coordinating design documentation (both drawings and 3D models) and managing iterations across multiple design disciplines. In the construction phase, constant modifications in project scope and requirements, if not properly communicated and coordinated throughout the project team, can cause cost overruns, schedule slippages, and quality issues. In the operations phase, an incomplete information archive creates challenges when owners require documents and models from the design and construction phases for building maintenance or upgrades.

As a result, effective project information and process management within the construction industry is critical to delivering high quality projects on time and on budget.

2.3 What are construction collaboration solutions?

2.3.1 What is Software-as-a-Service (SaaS)?

SaaS is a software delivery model in which software is centrally hosted and licensed on a subscription basis. Users log into the software via a web browser or mobile device to manage information and processes centrally hosted by the provider on servers in the 'cloud'. Across multiple industries, the SaaS model has become a popular alternative to traditional client-server software.

For organisations, SaaS applications are more efficient to build, deploy and maintain than client-server based applications. SaaS is subscription based, so organisations have lower initial licence fees. The infrastructure is managed by the provider, so organisations have lower hardware and IT support costs. In addition, software upgrades are automatic so organisations save time and have access to the most up-to-date version of the software.

For SaaS providers, the most efficient delivery model is where all customers are supported on a single version of the product (**Multi-tenancy**). Multi-tenancy enables the application to scale readily to hundreds of thousands, or millions, of users.

2.3.2 Construction collaboration solutions

Aconex operates within the construction collaboration solutions segment of the global construction industry.

Construction collaboration solutions provide project teams with a single platform to manage all their information and processes throughout the project lifecycle. Typically, construction collaboration solutions designed for this industry seek to:

- Connect the organisations involved with construction projects;
- Support access for globally distributed users and organisations;
- Enable large volumes of information and data to be stored, organised, shared and accessed across the team;
- Automate and streamline project processes, workflows and decisions;
- Cater for users to access information, data and processes at any time and across a broad range of devices; and
- Provide a complete audit trail of information and decisions for compliance and ongoing operations.

In addition, construction collaboration solutions provide technologies to facilitate and enhance one or more of the following construction industry activities:

- **Project information management:** managing documents, drawings, building information models, communications, audit trails, and other project information online;
- **Project process management:** managing processes, approvals and workflows;
- **Building Information Modelling (BIM) and design management:** accessing, managing and enriching 3D models and object data, streamlining design coordination and enabling handover in a format that can be implemented by both proprietary and open source software;
- **Bid and tender processes:** bid and tender package generation and distribution, submission tracking, bidder communication, lead generation and tender process management;
- **Field management:** managing and resolving field inspections and site related issues from mobile devices; and
- **Handover solutions:** developing digital operation and maintenance manuals for post-construction handover to asset owners.

2.3.3 The value proposition of construction collaboration solutions

The benefits of using construction collaboration solutions for project-wide information and process management include enhanced productivity, reduced direct costs, accelerated project completion, dispute avoidance, reduced rework and improved project compliance. Construction collaboration solutions solve many challenges in the industry, as highlighted in Figure 3. In contrast, these challenges cannot be solved using disconnected, internal legacy software which is owned and operated by one organisation, and not used project-wide.

Figure 3: Solving industry challenges with construction collaboration solutions

Challenge	Lifecycle phase	Value proposition of construction collaboration solutions
Rapid growth involume of information generated	• Design • Construct	• Organises vast amounts of documentation including large drawings/plans, model files, contract forms, and email correspondence, resulting in increased project efficiency and information capture
Multiple points of communication between parties	• Feasibility • Design • Construct	• Employs centralised communication channels that allow consistent access to relevant information and minimise costly miscommunication and administration overhead
Difficult to find accurate, up-to-date information	• Feasibility • Design • Construct • Maintain	• Simplifies the search and retrieval of accurate and up-to-date information, reducing costly budget overruns and project schedule delays
Manual and slow approval turnaround times	• Feasibility • Design • Construct	• Automates workflow and expedites approvals, increasing the speed of decision making and reducing inaccurate reviews from disorganised information
Rework due to inconsistent standards and processes	• Design • Construct	• Uses standardised and automated processes, reducing costs from duplication of documents and project rework
Complex dispute resolution	• Feasibility • Design • Construct • Maintain	• Tracks and controls documents and correspondence for a complete project audit trail, mitigating potential compliance risks, disputes, and litigation
Lack of trust amongst project participants	• Feasibility • Design • Construct	• Enables each project participant to securely access project information and to control the flow of data providing transparency and promoting the sharing of information
Highly dispersed and mobile user base	• Design • Construct	• Supports collaboration of geographically dispersed, mobile project teams, reducing schedule delays and costly missteps from accessing incorrect information

2.4 Global construction industry market trends

In addition to the core benefits attributable to using construction collaboration solutions highlighted in Section 2.3.1.2, there are a number of additional general industry and technology trends that are accelerating the uptake of construction collaboration solutions. Sections 2.4.1 and 2.4.2 provide an overview of these trends and how they are driving the uptake of construction collaboration solutions.

2.4.1 Increased project complexity

2.4.1.1 Drivers of increased project complexity

Over the last decade, project complexity has increased with an expansion of the volume of information and processes on construction projects as a result of increasing project size and scope, regulatory scrutiny, and contractual complexity. The growing sophistication of construction methods and the rise of specialty trades has also substantially increased the number of project participants, further increasing project complexity. As a result of these industry dynamics and a heightened focus on cost

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management in the construction industry, asset owners and construction companies are adopting new technologies to more effectively manage project complexity, and mitigate risk and reduce costs.

2.4.1.2 Increased data sophistication

The proliferation of digital information, across all industries, has resulted in an increasing rate of data creation, with 90% of the world's data created in the last two years[11]. Combined with increased project complexity, the creation of data is continuously increasing across the construction industry. While a challenge, this also provides an opportunity for organisations within the industry to analyse data to optimise business processes and decisions.

Construction collaboration solutions allow construction firms to collect data and leverage this information to examine how project participants collaborate, analyse operational performance and more effectively implement productivity initiatives.

2.4.1.3 Advancement in project management methodologies

Due to increasing project complexity and an ever-present focus on costs, companies have been continuously rethinking and adapting project management methodologies to improve performance. As a result, the construction industry has adopted new delivery models including Lean Construction, Integrated Project Delivery (IPD) and Virtual Design and Construction (VDC).

- **Lean Construction:** Lean construction is a way to design production systems to minimise waste of materials, time, and effort in order to generate the maximum possible amount of value[12].

  Designing a production system to achieve the stated ends is only possible through the collaboration of all project participants, namely owner, architect, engineer, contractors, facility managers and end-users at early stages of the project. This goes beyond the contractual arrangement of design/build or constructability reviews where contractors, and sometime facility managers, merely react to designs instead of informing and influencing the design[13].
- **Integrated Project Delivery:** IPD is a project delivery approach that integrates people, systems, business structures and practices into a process that collaboratively harnesses the talents and insights of all participants to optimise project results, increase value to the owner, reduce waste, and maximise efficiency through all phases of design, fabrication and construction.

  IPD principles can be applied to a variety of contractual arrangements and IPD teams can include members well beyond the basic triad of owner, architect and contractor. In all cases, integrated projects are uniquely distinguished by highly effective collaboration among the owner, the prime designer and the prime constructor, commencing at early design and continuing through to project handover[14].
- **Virtual Design and Construction:** Virtual Design and Construction is the use of multi-disciplinary performance models of design-construction projects, including the Product (i.e. facilities), Work Processes and Organisation of the design-construction-operation team in order to support business objectives[15].

All of these new construction delivery models require significantly increased coordination and collaboration between a large number of project participants, often much earlier in the construction project lifecycle. Construction collaboration solutions enable project teams to more efficiently deliver projects using these new models because they provide the platform and tools for project teams to work, coordinate decision making, manage processes and control information.

In addition, the best construction firms are continuously identifying opportunities to leverage knowledge and best practices, transferring this knowledge from project to project to reduce costs and improve design quality. Collaboration solutions that systematically document workflows and support the analytical identification of best practices act to facilitate an effective knowledge sharing process. This capability of construction collaboration solutions to drive best practice and benchmarking is further enhanced when a provider has achieved sufficient scope and size to service the construction industry on a global scale.

2.4.2 Technology trends in the construction industry

2.4.2.1 Software-as-a-Service (SaaS)

Over the last ten years, across multiple industries, companies have been moving from traditional installed software to SaaS solutions delivered over the internet or 'cloud'. The global Saas market, predicted to be $153 billion in 2014, is expected to grow at a compound annual growth rate of 17.1% per annum, with the total market size reaching $286 billion by 2018[16]. This trend is also evident in the construction industry with increasing adoption of SaaS solutions.

11 IBM Software, The IBM big data platform (September 2013).

12 Koskela, L.Howell, G, Ballard, G,Tommelein, I "Foundations of Lean Construction" in Best, Rick; de Valence, Gerard, Design and Construction: Building in Value (2000).

13 T.S, El-Gafy, M, and Salem, O, "Lean Construction: Fundamentals And Principles" American Professional Constructor Journal (2008).

14 AIA, Integrated Project Delivery: A Guide. Version 1 2007: http://info.aia.org/siteobjects/files/ipd_guide_2007.pdf.

15 http://cife.stanford.edu/mission.

16 Gartner, Inc, Forecast Analysis: Public Cloud Services, Worldwide, 2Q14 Update. Note: growth rates refer to SaaS across all industry segments.

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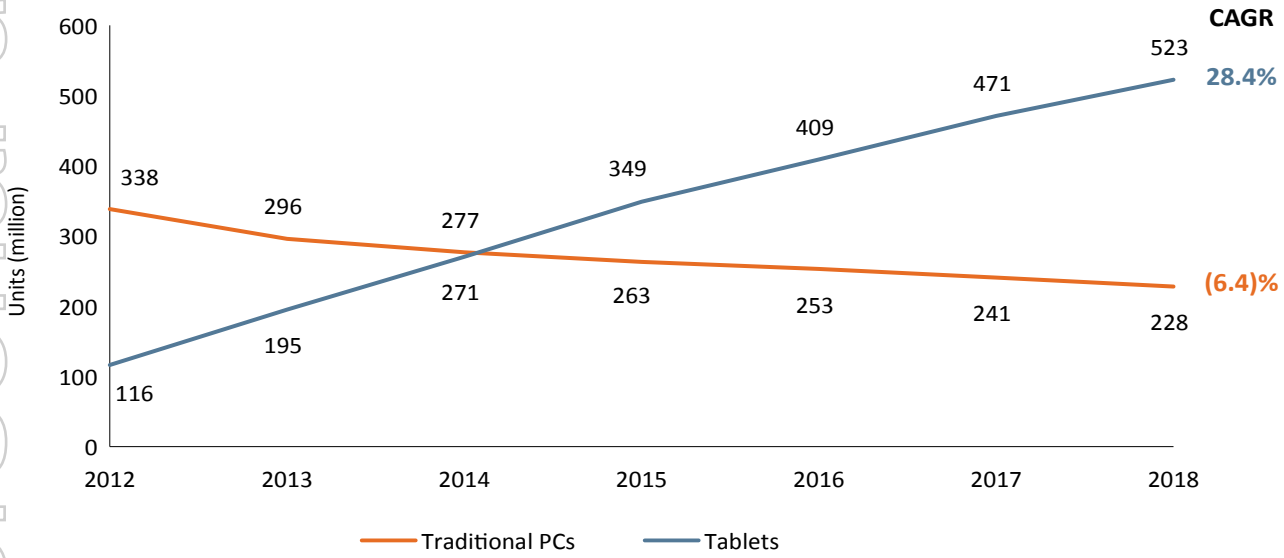
SaaS applications are particularly well suited to the construction industry. In addition to the general benefits of SaaS discussed in Section 2.3.1, SaaS solves a number of industry problems that traditional software cannot solve. Projects cannot wait months for installed systems to be deployed, but can deploy turn-key SaaS applications rapidly. Internal software is also difficult to access for distributed project teams but SaaS solutions can easily be accessed by all approved users, from remote locations on mobile devices. Finally, the nature of the construction industry may discourage companies from relying on internal software controlled by another organisation. An independent and neutral SaaS approach is one of the best ways to bring multiple project participants together on a common trusted information platform.

The Aconex construction collaboration solution leverages both the general and the industry specific benefits of SaaS, providing a cost effective solution, and fast deployment across dozens of organisations onto one single platform that all participants can trust.

2.4.2.2 Mobility

The wide adoption of mobile computing devices such as smartphones and tablets has enabled construction project participants to access the internet and SaaS applications from remote locations on mobile devices. The proliferation of these devices, together with mobile internet applications, has enabled construction professionals to access information, manage processes and capture issues, on site and in real time in the field. This in turn has supported a reduction in the time requirement for site participants to return to the office to access information, significantly improving onsite productivity. Additionally, mobile devices have enabled the penetration of collaboration into aspects of a construction project (particularly field activities) that were previously beyond the scope of traditional collaboration platforms.

Figure 4: Global Traditional PC vs Tablet unit forecast[17]



Mobile construction collaboration solutions provide the platform that facilitates real-time access to project updates in the field. As a result of growing mobility in the construction industry, there is an increasing demand for mobile collaboration solutions that best support and enhance field activities on mobile devices.

2.4.2.3 Building Information Modelling (BIM)

BIM is a process involving the generation and management of digital representations of physical and functional characteristics of places. Software tools help people manage these processes and the data that is produced. But most of all, BIM requires close and absolute collaboration between the project participants.

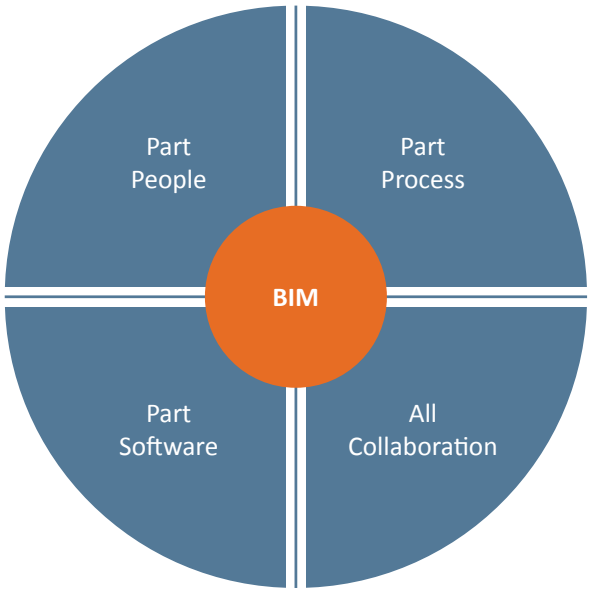
The adoption of BIM signals a paradigm shift for the construction industry. Rather than designing, constructing and managing assets with disconnected drawings and files, BIM helps produce rich, interrelated data. This data contains a digital representation of physical and functional characteristics of a facility and the data is often navigated in 3D. When managed correctly, BIM allows the project team to quickly trial design options and find mistakes or inefficiencies before they build. Even more importantly, it allows for a complete and accurate set of enriched and coordinated data to be handed over to the asset owner. With this, operations and maintenance costs can be significantly reduced.

17 Gartner, Inc, PC, Tablet and Mobile Phone Forecast, Worldwide, 1Q14 Update.

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Figure 5: What is BIM?



The adoption of BIM has been rapid in recent years, but most of the activity has been narrowly focused on drafting (or authoring) software for design purposes. This information is usually held only by the design team and not shared with the rest of the project team or the asset owner. As a result, project teams may lose much of the benefit of BIM by creating the same information over and over again. In addition, the project information outside these 3D models has been disconnected, causing information leakage and mistakes. The key to unlocking the value of BIM is to make the data available across the project team and allow multiple parties to consume and enrich the same set of data, beyond just 3D viewing. Research in the US estimated an annual cost burden to the US construction industry of $15.8 billion due to ineffecient use of BIM[18]. Construction collaboration solutions that support an integrated BIM environment facilitate the realisation of the true value of BIM.

Figure 6: A typical model visualised in 3D



18 National Institute of Standards and Technology (NIST)- Inadequate Interoperability: A Closer Look at the Costs.

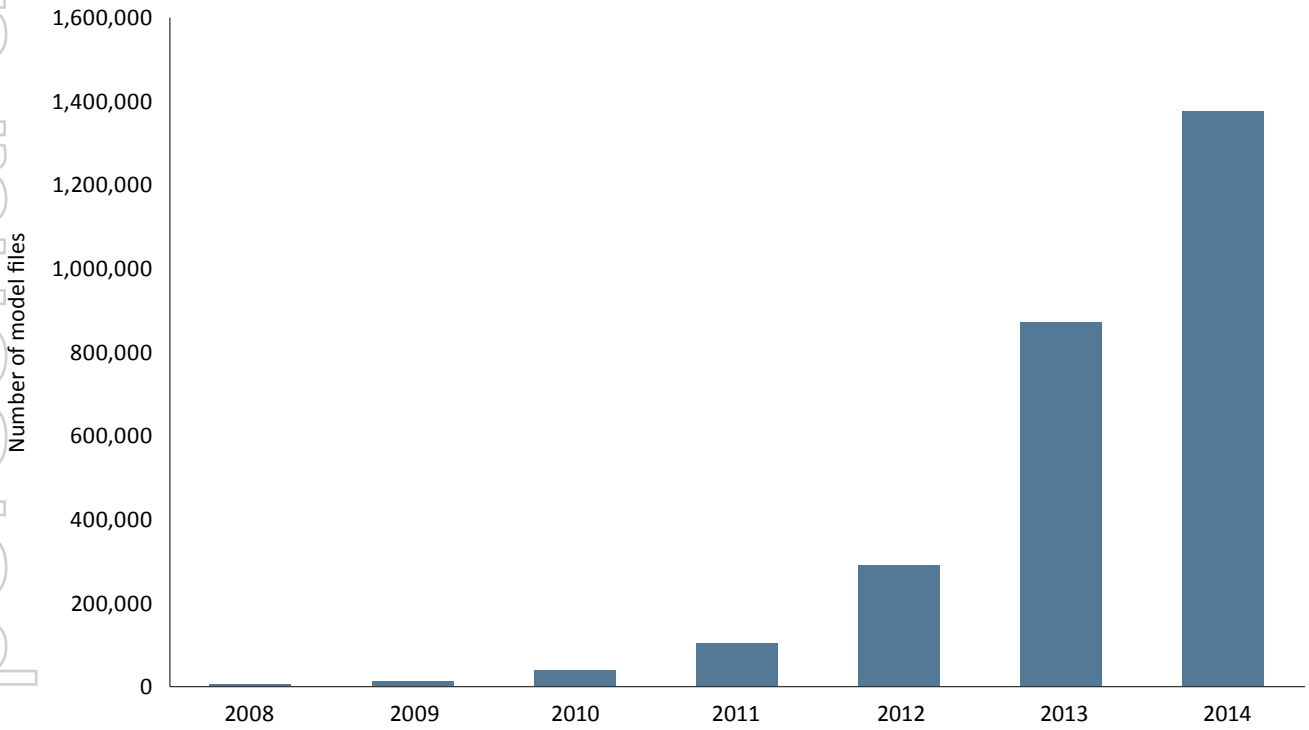
While designing in 3D has significant advantages over 2D design, the 3D model by itself is only part of the picture. A project team will still need to manage standard 2D documents and other documentation (such as manuals and specifications), manage processes and workflows, maintain an audit trail, track bids and tenders, perform field based inspections and checklists, and communicate across the many companies working on the project. It is often no longer sufficient to design in 3D and simply hand over model files. The model data from the various disciplines typically needs to be made available within a CDE (Common Data Environment) that is integrated with the other tools needed to successfully deliver large and complex projects.

Making the model data available to project participants that sit outside the typical design authors (such as the architect and engineer) is key in ensuring that project information is made available to the right people, at the right time. Until recently, model data was typically held and used by a small portion of the project team – leading to inefficiencies and mistakes.

In addition, asset owners (in particular, governments such as those in the UK, Singapore and Hong Kong) are increasingly mandating Open BIM delivery and handover – that is, the delivery of model data in non-proprietary, vendor agnostic formats such as Industry Foundation Classes (IFC) and Construction Operations Building Information Exchange (COBie). Since a project team will typically use multiple different BIM design authoring tools, the team delivering the project needs a platform to combine, manage, enrich and handover the model data in a common, neutral format.

BIM penetration is at present variable across regions with higher uptake in North America, Australia and New Zealand, and Europe. However, the global market for BIM solutions is projected to grow from over $2 billion in 2013 to close to $6.5 billion in 2020[19]. The uptake of BIM is expected to drive demand for collaboration solutions that can help review, manage, link, distribute, archive and analyse the 3D models generated by BIM.

Figure 7: Number of models stored on Aconex[20]



19 Pike Research, Executive Summary: Building Information Modeling, Published 2Q 2012.

20 Aconex project data to 4 August 2014. Excludes DWG 3D and DGN 3D and their derivatives.

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While BIM provides a wealth of useful and relevant project information, companies using BIM face the following challenges in creating and collaborating around their models:

Figure 8: Challenges with the BIM process

Existing BIM challenge	Description	Construction collaboration solutions
Managing model data, not files	Models are created by multiple disciplines on a project, typically using different proprietary software. Information asymmetry between project participants as a result of different model data can make collaborating on design issues difficult.	Collaboration solutions provide a CDE (Common Data Environment) that integrates models to store and manage the underlying data.
Problems linking models to other project data and processes	In addition to 3D models, construction projects consist of 2D drawings, requests for information, specification sheets, product manuals, inspections, issues, workflows and other processes and documentation that isn't necessarily interconnected or referenced in the same location.	Collaboration solutions provide a system that can integrate and coordinate project data and processes on one platform.
Managing large files and data sets	Project participants need to be able to share models securely and efficiently. However, these model files are often greater than 50 MB, which is too large for email transmission, and File Transfer Protocol (FTP) sites are not a practical alternative due to access control limitations. In addition, an end user may wish to interact with only part of the data, and downloading and interacting with an entire file is inefficient.	Collaboration solutions allow access to files and streaming of model data through the cloud in a secure environment.
Approvals, audit trails and milestone sign-off	3D models do not provide the audit trail required to track the typically hundreds of thousands or millions of design and construction decisions made throughout their lifecycle.	Collaboration solutions provide a robust audit trail of all model changes with references to the decision process.
Long review cycle times	Construction projects require timely review and approval of all plans, drawings, and models in order to stay on schedule and within budget. The BIM process does not provide the functionality to support work flow management and expedition of critical design tasks.	Collaboration solutions allow project administrators to create and monitor work flows that are interconnected with the BIM process.
Viewing large model sets with no installed software (just in the browser)	Viewing large model sets with software installed on a PC and locally accessible modes has been solved by some vendors for a long time. Viewing small model sets (100-300 MB) in the browser is easy, but viewing large, merged data sets (>1GB) in the browser, in an efficient way is difficult.	Collaboration solutions can, deliver large data sets in a browser environment that needs no additional software to be installed or managed.
Open BIM handover	Asset owners (especially governments) are increasingly mandating delivery of model data in open formats (**Open BIM**). In addition, the data outside the model often needs to be handed over as a cross-referenced and linked data set.	Collaboration solutions allow project participants to work in a common data set to collaborate.

As a result of these challenges, the penetration of BIM has been hindered by the availability of construction collaboration solutions that can efficiently support the BIM process. The construction industry requires BIM collaboration tools that mitigate complexity by improving information capture and process management amongst project participants. Aconex provides sophisticated support for delivering successful BIM.

2.4.3 The Network Effect

The underlying collaborative dynamics in the construction industry provide a strong base for the evolution of the network effect in construction collaboration solutions. Construction projects involve the coordination of dozens, and often hundreds of organisations, and thousands of people, sharing large volumes of information and making decisions on a daily basis. As each project moves through design and construction and into operations, a sub-network of professionals grows from within the broader industry network.

For cloud construction collaboration solutions, this project-centred nature of construction industry networks can be used to drive adoption. Each additional user enriches the network, encouraging users to manage more information and processes, across more projects, creating positive benefits for everyone on the platform. Growing penetration can then generate reinforcing network effects, with similar parallels evident in the emergence of dominant online social networks or B2B marketplaces as a result of the network effect.

2.5 Construction collaboration solutions market size, segmentation and penetration

2.5.1 The global construction industry

Global construction industry activity is forecast to be US$10.9 trillion in 2015[21], characterised by sustained project activity in developed countries such as the US, Canada, Japan and the UK and growth in emerging economies such as China, India, Turkey, Qatar and Latin America. Construction growth in emerging markets is driven by high economic growth, increasing populations, rapid urbanisation, and an expanding middle class.

In 2015, the five largest construction markets are forecast to be China, the US, Japan, India and Canada, and represent over 49% of global construction[22]. By 2025, the global construction market is projected to increase to US$15 trillion[23], driven primarily by China, India and the US, which in aggregate will represent almost 60% of all growth.

Construction collaboration solutions offer functionality that can be utilised across all core verticals within the global construction industry.

2.5.2 Addressable Market and Penetration

Penetration of construction collaboration solutions in the global construction industry is increasing due to project teams moving away from traditional, manual and time-consuming methods of managing information to more efficient electronic collaboration systems. Section 2.5.2.1 discusses these traditional methods of managing information, namely the status quo, internal installed systems and file-sharing systems.

2.5.2.1 Traditional methods of collaboration

Status Quo

Historically, companies have used manual or paper-based processes to manage their information, which is typically tracked via spreadsheets or internal databases, and communicated through email, faxes, and hard copies. This project management methodology is inefficient in comparison to alternatives and not sustainable given the increasing size and complexity of construction projects.

Internal Installed Systems

Many organisations use enterprise content management solutions, such as SharePoint and Documentum, or engineering design and document management solutions, such as ProjectWise or SmartPlant Foundation, to manage their construction information and processes within their organisation. These internal systems are installed and managed by a single company behind their firewall, and are not used project-wide by other project participants due to issues about independence and data integrity. The enterprise content management solutions also require significant customisation to provide relevant industry functionality. As a result, they can be expensive and cumbersome, which limits adoption and usage.

File-Sharing Systems

Some organisations use FTP sites or file-sharing technology, such as Dropbox, to share and store documents for the project team. While these solutions may be effective for sharing files, they are not neutral, as they are controlled by a single company. By their definition, they manage files, not the information and processes required to deliver a project of any scale and complexity. These solutions do not provide industry-specific functionality for seamless construction process management or a robust audit trail. The level of security associated with these systems is also generally inadequate for handling commercially sensitive and design critical documentation.

21 Global Database, Global Construction 2025 (July 2013).

22 Global Database, Global Construction 2025 (July 2013).

23 Global Database, Global Construction 2025 (July 2013).

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2.5.2.2 Estimated addressable market size and penetration levels

As Figure 9 illustrates, according to Frost and Sullivan[24], assuming 76% penetration of total construction output and pricing of 0.08% of project value, the total potential addressable project collaboration industry is projected to be US$5.6 billion[25]. The global construction challenges highlighted in Section 2.4 are continuing to accelerate penetration and enhance the growth potential of construction collaboration solutions.

Figure 9: Penetration of the global construction collaboration solutions market in context (2013)[26]

	UK	ANZ	Germany	Rest of EMEA	Asia	Americas	World
Total construction output[27] (US$ billions)	243	309	313	2,443	3,750	2,166	9,224
Estimated addressable market[28] (US$ millions)	141	195	167	1,467	2,327	1,323	5,619
Cloud construction collaboration solutions revenues[29] (US$ millions)	34	41	30	53	16	51	225
Estimated penetration rate[30] (%)	24%	21%	18%	4%	1%	4%	4%

The United Kingdom is the most mature market due to its high acceptance of SaaS and the presence of at least five domestically based vendors of cloud construction collaboration solutions. Cloud computing service uptake in the UK is projected to continue to grow with 81% of established cloud users in the UK expected to increase cloud usage over the next 2 years[31]. This is expected to support SaaS-based construction collaboration market growth.

The ANZ market follows the United Kingdom in terms of penetration on account of:

- Higher cost structures in ANZ that encourage uptake of collaboration solutions;
- The relatively high uptake of BIM in this market;
- The high proportion of infrastructure construction as a percentage of total construction in Australia (an industry segment that traditionally enjoys higher uptake of construction collaboration solutions); and
- Of the ~20 vendors active globally in the construction collaboration market, three are ANZ-based.

24 Frost & Sullivan Australia Pty Ltd, Independent Market Report on the Construction Collaboration Solutions Market.

25 Frost & Sullivan Australia Pty Ltd, Independent Market Report on the Construction Collaboration Solutions Market. Penetration of 76% of total construction output based on exclusion of 50% of the housing construction segment (to account for single dwelling construction projects that would not have a requirement for advanced collaboration solutions) and 20% of the non-housing construction segment (to account for the smaller scale projects in non-housing that would not typically see a need to leverage collaboration solutions). Pricing of 0.08% of project value based on Aconex average pricing of 0.096% adjusted for a lower average market price factoring in lower priced competing solutions.

26 Frost & Sullivan Australia Pty Ltd, Independent Market Report on the Construction Collaboration Solutions Market.

27 Global Construction Perspectives Limited and Oxford Economics Limited, Global Construction 2025, July 2013. Inflation adjusted based on International Monetary Fund global forecast inflation rates.

28 This is the estimated addressable market or the estimated potential size of the market in dollar terms. It is calculated by multiplying the total construction output by 76% and then by 0.08%. The 76% is the percentage of the total construction output to which cloud collaboration solutions may, according the Frost & Sullivan Australia Pty Ltd Independent Market Report on the Construction Collaboration Solutions Market, be applied. The 0.08% is the average revenue received by Aconex on the total construction value of a project.

29 The indicative total revenue of the key providers of cloud construction collaboration solutions in the relevant region as calculated by Frost & Sullivan in Independent Market Report on the Construction Collaboration Solutions Market. Data on vendor revenues has been sourced from published data and reports of specific vendors, as well as Frost & Sullivan estimates where no data was available. In those cases where vendors generate revenues from a broader range of solutions than SaaS-based construction collaboration solutions, an estimate was made of the proportion that could be attributed to cloud construction collaboration solutions.

30 Cloud construction collaboration solutions revenues as a percentage of the estimated addressable market in the relevant region.

31 UK Trade & Investment, Information Communications Technology (ICT) in the UK: investment opportunities, Feb 2014. Sourced https://www.gov.uk/government/publications/information-communications-technology-ict-in-the-uk-investment-opportunities/information-communications-technology-ict-in-the-uk-investment-opportunities#cloud-computing.

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Germany is also well-penetrated, with two significant German-based vendors. Growth is supported by the overall maturity of its information and communication technology market, the high costs of construction and the focus on safety[32].

The penetration rate in Asia is currently relatively low, as a result of a number of factors including lower labour costs, slower overall uptake of SaaS and the fact that only one of the main global vendors of cloud based collaboration solutions is based in Asia. However, as the emerging markets in Asia increase their construction output as a proportion of global construction output, this region is expected to become increasingly important to construction collaboration vendors.

The penetration rate in the Americas is also currently relatively low on account of:

- Very early stage of growth in the Central and South American markets;
- Relatively lower Public-Private Partnership (PPP) project activity in the US market; and
- Only a few SaaS-based construction collaboration solutions providers are headquartered in the Americas.

2.6 Competitive dynamics

The construction collaboration industry comprises four categories of industry participants, namely:

- Direct construction collaboration solution industry participants;
- Internal systems;
- Adjacent industry offerings; and
- Traditional means of collaboration and project management.

Sections 2.6.1 to 2.6.4 below provide further information on the competitive landscape in the construction collaboration industry.

2.6.1 Direct construction collaboration solution industry participants

The direct construction collaboration solution industry is geographically fragmented with only a limited number of direct industry participants of scale in each market.

Australia and New Zealand	Aconex is the dominant participant in the ANZ construction collaboration market with limited direct competition. Of the top 50 contractors in ANZ by new projects wins in 2013, 80% are customers of Aconex and 42% have standardised the use of Aconex across all of their projects on long-term enterprise-wide subscription agreements[33]. QA Software, which was established in Australia in 1995, Project Centre (owned by German-based RIB) and 4Projects (which launched in Australia in 2014) are some of the major direct competitors to Aconex in Australia and New Zealand.
United Kingdom	Conject and 4Projects are Aconex's major direct competitors in the United Kingdom. – Conject is a privately-owned software company headquartered in Germany. Since its acquisition of BIW Technologies in 2010, Conject has become one of the leading construction software companies in Europe. Conject provides software and services for all phases of the plan-build-operate lifecycle and provides a BIM product. Conject generated revenues of €20 million in 2013[34]. – 4Projects is a vendor-neutral system with a centralised platform allowing for collaboration and data management. 4Project has a leading position in the United Kingdom (and the broader EMEA market) and also offers a BIM product. 4Projects was acquired by Viewpoint in 2013 for an undisclosed sum and Bain acquired a stake in Viewpoint in April 2014. Viewpoint has reported revenue of US$85 million in 2013[35]. – ASite is headquartered in London but also has offices in New York, Australia, India and South Africa. ASite's platform is designed to handle information, video, complex BIM and product models. In FY13, ASite reported revenues of £4 million[36].

32 In a ranking of countries based on strength of ICT environment (Internet, mobile and broadband penetration, as well as ICT usage and spending), Germany was the top-ranked country, The ICT Globalisation Index, The Economist Intelligence Unit, 2014.

33 Based on the top 50 contractors in the HIA-Cordell Construction 100, Australia's 100 Largest Commercial Construction Companies 2012/2013.

34 http://www.extranetevolution.com/2014/04/conject-group-revenues-reach-e20m/.

35 http://enr.construction.com/technology/information_technology/2014/1006-private-equity-goes-all-in-for-construction-sector-growth.asp.

36 http://www.asite.com/images/uploads/asite_financial_performance/2013/Asite%20Ltd%20Report%20&%20Accounts%202013.pdf.

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EMEA	Aconex's major direct competitors in Europe (excluding the UK), the Middle East and Africa are 4Projects and Conject (both described above).
United States	The major competitors to Aconex in the United States are e-Builder and Procore. – e-Builder is a provider of integrated, cloud-based construction program management software. e-Builder was founded in Florida, USA in 1995. E-Builder is owned by its founders and McGraw Hill, which acquired a minority stake in May 2000. E-Builder reported revenues over the past year exceeding US$20 million[37]. – Procore is a cloud-based construction collaboration software company. Procore is based in California and has a leading market position in the US. Procore was founded in 2003 and reportedly achieved revenues of US$9.5 million in 2013[38]. Procore recently received growth funding from various Silicon Valley investors[39].
Asia	Aconex is aware of only one Asian competitor, being Indian-based Wrench Solutions, which was founded in 1994. Wrench Solutions has six global offices across Australia, Canada, Singapore, UAE, UK and USA. No other identified major direct competitors have been identified in Asia.

2.6.2 Internal systems

Some major construction companies continue to primarily use proprietary construction collaboration software platforms.

Due to the costs of maintaining these proprietary platforms, the increased familiarity of external platforms such as Aconex to sub-contractors and the enhanced functionality of external platforms as a result of product development specialisation, the Directors believe that many construction companies that currently maintain proprietary systems are likely to move to transfer to specialist SaaS platform providers, such as Aconex, over time.

2.6.3 Adjacent industry offerings

Numerous construction software products created for costing, scheduling and project management, or for BIM, mobility and handover, have functionality that may compete with aspects of a broader construction collaboration solution such as Aconex's platform. While these solutions are designed for the construction industry, they are not built primarily for collaboration and therefore don't provide the same neutrality, mobility and secure audit trail as Aconex's product offering.

2.6.4 Traditional means of collaboration and project management

Despite the increased adoption of SaaS-based systems, a portion of the construction industry continues to rely on traditional means of collaboration and project management, including spreadsheets, hardcopy photographs, emails and hand-written documents.

This portion of the market tends to focus on projects with lower values than are likely to be targeted by the specialist software providers such as Aconex. Notwithstanding this, the Directors believe that increased familiarity of users with specialist offerings such as the Aconex platform is likely to result in this portion of the market declining over time.

37 http://www.e-builder.net/news/press-release/e-builder-named-inc-5000.

38 http://www.inc.com/profile/procore-technologies.

39 http://globenewswire.com/news-release/2014/08/28/661963/10096277/en/Procore-Named-to-the-Inc-5000-Fastest-Growing-Companies.html.

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3 Company Overview

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Residential & Commercial



Location: Melbourne, Australia

aconex

3. Company Overview

3.1 Overview of Aconex

Aconex is a leading cloud collaboration platform for the global construction industry. The Company provides collaboration solutions that address the full asset lifecycle across the residential and commercial, government and infrastructure, and energy and resources industry segments.

The Company's flexible and integrated SaaS platform provides customers with a centralised approach to manage documents and data, communicate with project participants and streamline business processes. Aconex enables clients to improve project efficiency, productivity and accountability, while lowering the cost and risks in delivering projects of all sizes. The integration of Building Information Modelling and mobile collaboration solutions with the existing Aconex platform has extended the Company's offering, providing project teams with complementary tools to manage increasingly complex projects.

Aconex currently has a global network of 650 paying customers and 50,046[40] user organisations working on projects valued at more than $800 billion, supported from 41 Aconex offices across 22 countries. The Aconex platform has been used to manage over 1.18 billion documents[41] to date.

As shown in Figure 10, Aconex is a global organisation and generates its income across four key geographic regions:

Figure 10: Aconex overview

Regions	ANZ	EMEA	Americas	Asia
Total addressable market (US$ million)[42]	195	1,775	1,323	2,327
Collaboration solution penetration (%)[43]	21%	7%	4%	1%
FY14 revenue (%)	48%	25%	16%	11%
Flagship projects	• Roy Hill Mine (*Roy Hill*) • Royal Adelaide Hospital (*Hansen Yuncken Leightons JV*) • Canterbury Earthquake Recovery program (*Fletcher Construction*) • Sydney, Melbourne, Brisbane, Perth and Adelaide Airports • Melbourne Convention Centre (*Brookfield Multiplex*)	• Yas Island, Abu Dhabi (*ALDAR Properties*) • Integrated railway network (*Qatar Rail*) • Riyadh Metro (*Bechtel*) • Dubai International Airport (*ALEC*) • Battersea Power Station Redevelopment, London	• Panama Canal expansion (*Grupo Unidos*) • New York City Hall (*Hill International*) • Antapaccay copper mine (*Xstrata Copper Chile*) • Vernon Jubilee Hospital (*Graham Construction*) • FasTracks and Capital Programs (*Denver Regional Transportation District*)	• Marina Bay Sands, Singapore (*Las Vegas Sands Group*) • Macau Light Rail (*Mitsubishi Heavy Industries*) • Arrivals Hall (*Hong Kong Airport*) • Raffles Place, Chongqing (*CapitaLand*) • Mid Tapti gas field (*BG Group*)
Sales and client operations staff	53	53	48	44
Group staff	135	3	16	50
Offices	8	11	11	11

40 50,046 registered user organisations as at 27 September 2014. Aconex company data.

41 As at 31 August 2014. Includes correspondence received, documents/files registered, workflow document transmittals and tenders raised.

42 Frost & Sullivan Australia Pty Ltd, Independent Market Report on the Construction Collaboration Solutions Market. See Figure 9.

43 Frost & Sullivan Australia Pty Ltd, Independent Market Report on the Construction Collaboration Solutions Market. See Figure 9.

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3.1.1 Company history

Table 1: Aconex company timeline

Date	Event
2000	Founded by Leigh Jasper and Rob Phillpot to offer construction collaboration and procurement management services
2001	Initial product launch, including document management, correspondence and tendering modules, to commercial and residential segment
2003	Established a presence in the UK market
2005	Expanded international operations to Asia with opening of the Hong Kong office
2005	Entered the infrastructure and government segments
2006	Expanded international operations to the Middle East with opening of the Dubai office
2006	Entered the North American market, opening an office in the US
2006	Received the 'Emerging Exporter' award in the Australian Export Awards
2006	Entered the mining segment
2007	Launched supplier documents module
2008	Secured A$57.5 million investment from US-based technology investor Francisco Partners
2009	Expanded presence in the North American market, opening offices in Canada
2009	Launched workflows module for project-wide process management and approvals
2009	Introduced Web Services application programming interface (API) and platform services
2010	Entered the Oil and Gas segment
2010	Expanded presence in South America
2011	Launched Aconex mobility products
2011	Opened business services centre in Bangalore, India
2011	Received ISO 27001 accreditation
2012	Completed Grazer acquisition of operations and maintenance manual handover product
2012	Launched Field Inspection product for mobile and web-connecteddevices
2014	Aconex platform and Aconex Smart Manuals module awarded the Constructech Magazine's Top Products Awards in the commercial sector for 2014
2014	New product launch release including Aconex Connected BIM and mobile version of Aconex Smart Manuals

3.1.2 Geographic presence and sales approach

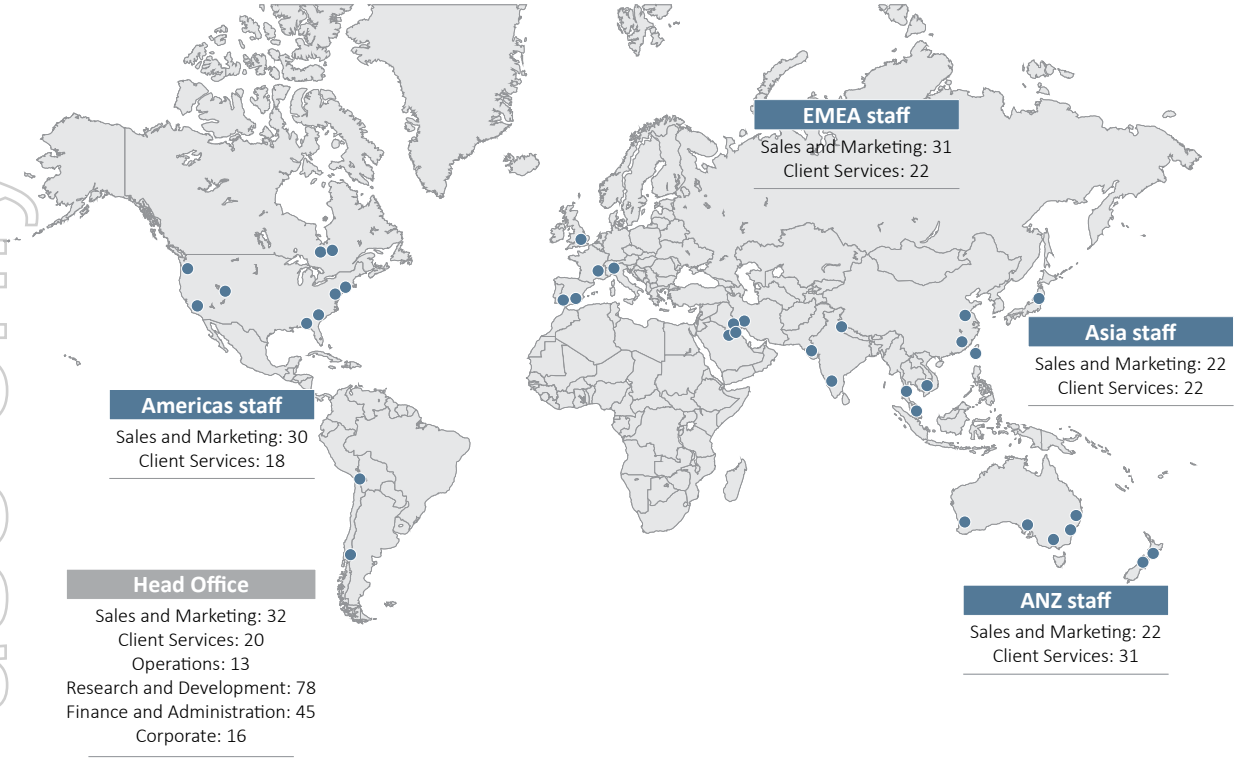
3.1.2.1 Global Sales and Support Teams

Founded in Australia in 2000, Aconex has operated on a global scale since 2003. Aconex markets, sells and supports its solutions primarily through a direct sales and customer service team. As at 30 June 2014, the Company has 402 employees globally, with 137 sales and marketing personnel and 113 client service staff across 41 locations in Australia, New Zealand, Asia, the Americas, Europe and the Middle East, supported by 78 research and development personnel and 61 finance, administrative and corporate staff, in Melbourne, San Francisco, Hong Kong, Dubai and Bangalore.

In addition to its strong presence in ANZ, the Company has established sales and support operations in the major global construction markets of China, the United States, Canada, Japan and India, and across the Middle East, providing a structure onto which additional sales and support resources may be easily deployed.

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Figure 11: Geographic presence[44]



3.1.2.2 Sales Strategy

The Aconex sales strategy targets key decision makers at companies delivering projects for which Aconex is strongly positioned – projects that are complex with many interdependent participant companies working together. Aconex does not compete on price with low-end solutions and the Company's sales strategy targets four key customer segments, all of which have purchasing authority or the potential to exert meaningful influence on the selection of their project's construction collaboration solution:

Asset Owners

Asset owners represent the economic owners of a project. Asset owners can choose to include Aconex in the specifications for a project.

EPC (Engineering, Procurement and Construction) and Tier 1 Contractors

Includes the largest global contractors, with over $1 billion in project revenue annually. These firms typically have the resources and expertise to execute the largest projects, often over $1 billion in value.

Mid-Tier Contractors

Includes general contractors with annual project revenue between $400 million and $1 billion. These firms typically execute projects valued at $50 million to $500 million.

Project Managers and other decision makers

Includes project managers, consultants, and other advisors in the construction management process. These organisations often influence asset owners and general contractors in the selection of project collaboration solutions, sometimes holding veto power while not being fully autonomous in the decision making process.

Aconex targets sales efforts towards asset owners and contractors, either of which can make a decision to allocate budget to purchase a construction collaboration solution for their projects. Aconex also markets to project managers, consultants, and other parties in the construction process, as they often influence asset owners and contractors in their selection of project collaboration solutions.

Aconex systematically focuses on opportunities based on a number of key project criteria. In particular, Aconex targets projects

44 Corporate includes all employees involved in marketing, product, engineering, and corporate services.

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that are complex, involving multiple interdependent companies. Typically, Aconex pursues customers delivering projects valued at over $10 million in Australia and New Zealand, where it operates more deeply in the market, and over $50 million in other regions.

The larger and more complex the project, the higher the perceived need for a construction collaboration solution. As an industry segment matures, the projects for which Aconex is used tend to become smaller as clients are more familiar with Aconex and derive greater value relative to the project size. In addition to project size, Aconex targets opportunities early in the project lifecycle – e.g. during feasibility, design, or bid – and in core industry segments: residential and commercial, government and infrastructure, and energy and resources.

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Case Study: Seattle Tunnel Partners

Seattle Tunnel Partners (STP) is a joint venture between New York-based Dragados USA, part of the construction division of ACS Group of Spain, and Tutor Perini Corporation. STP was chosen as the design-build contractor for the US$1.4 billion SR 99 Tunnel Project in Seattle, Washington.

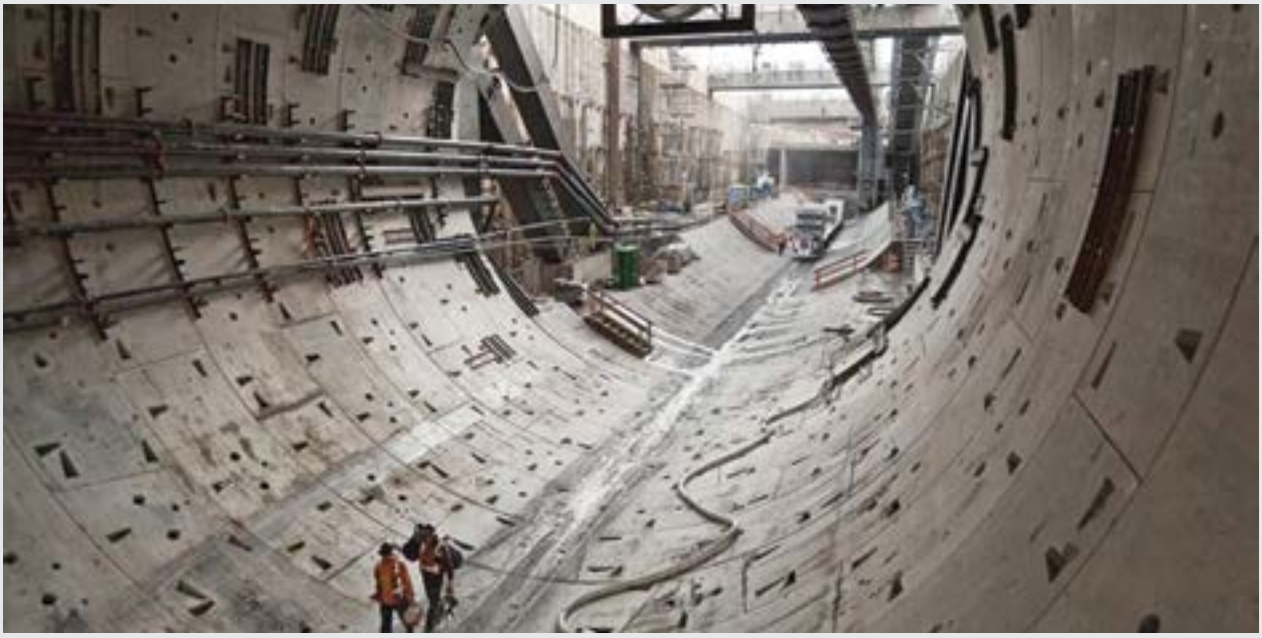
The project requires a team of 329 people from various disciplines and organisations to coordinate efforts and transmit documentation. 583 outside vendor contacts are involved in the project, exchanging materials, services, bids, documents, and contracts. In addition, the complexity of the project requires the more than 100,000 active documents to each have specific process and procedure mapped to them.

Previously, this process required the use of spreadsheets to manage the documents and their handling. There was no system for managing transmittals to provide an audit trail, and finding documents was tedious as they were stored in a folder structure with limited search functionality. To mitigate these issues, the Aconex offering was implemented, resulting in numerous benefits and productivity improvements including:

- Automated document control and management for 100,000+ documents;
- A 75% reduction in the time required to generate weekly reports. These reports previously required more than two hours to prepare and were generated in 30 minutes or less using Aconex;
- 90% faster creation of document transmittals; the time required for automated transmittal was reduced to 1/10th of the time required under the previous system; and
- Up to 50% faster document uploads.

Through the use of Aconex, an employee that previously worked 12-hour days plus weekends to keep up was able to work a standard workweek and enjoy a dramatically improved work/life balance.

Figure 12: SR 99 Tunnel Project in Seattle

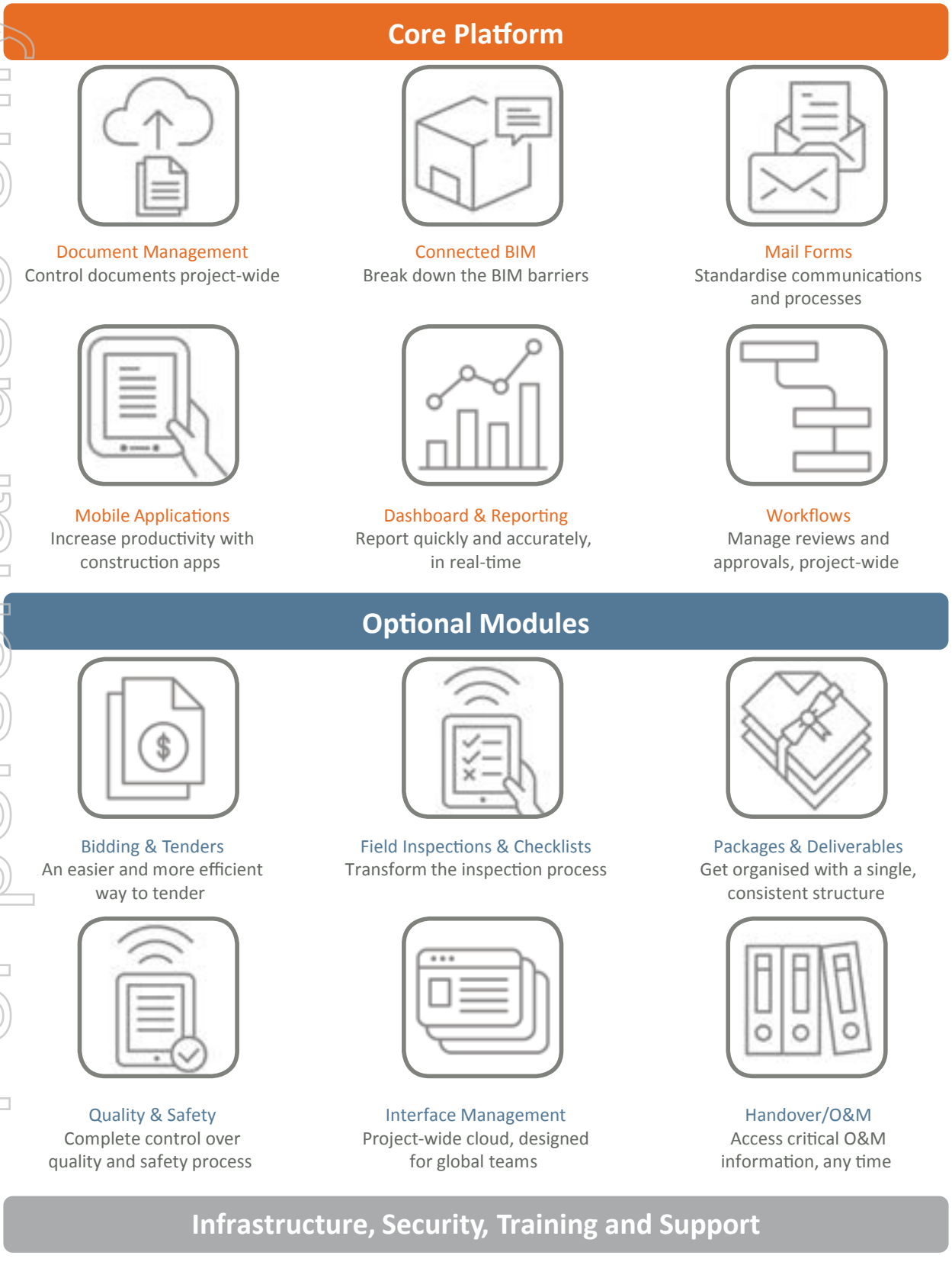


Note: See Section 9.13 regarding Seattle Tunnel Partners' consent for this information to be included in this Prospectus.

3.2 Product overview

Aconex provides a technology platform that acts to address the complex project collaboration challenges faced by the construction industry. Figure 13 summarises the functionality of the Aconex platform and ancillary services:

Figure 13: Aconex product and service offering overview



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3.2.1 The Core Platform

The core Aconex platform has six modules that are sold together as part of the base offering to customers:

3.2.1.1 Document Management

Document management solutions control the flow of drawings, contracts, reports, schedules, and other information securely and efficiently among all project participants. Aconex document management provides a secure, central platform to:

- Upload and share any number of documents regardless of size or type to participants across the project;
- Access documents via the web, Outlook or Aconex's industry recognised mobile app both online and offline;
- Control distribution to preserve privacy and security of information between organisations;
- Manage revisions and version control;
- View over 450 different file formats. Collaborate with real-time mark-up, overlay and instant messaging; and
- Quickly find any document or model using powerful metadata-based search engine.

3.2.1.2 Connected BIM

The Aconex collaboration platform simplifies model management, allowing multiple organisations to share, merge, review, mark-up, enrich and contribute to complex multidimensional models directly from a web browser. The number of models stored on the Aconex platform has increased significantly from approximately 100,000 in 2011 to over 1,300,000 models as of August 2014. The Connected BIM module provides functionality to:

- Manage model data (objects and spaces) rather than just the file;
- Distribute models project-wide in seconds with no limits on model size and no special software required;
- Real-time merge, collate and separate component models for specific disciplines;
- View and mark-up merged model sets through web browsers and mobile devices;
- Improve communication and collaboration processes involving the model and associated data;
- Track all model changes to provide a complete audit trail of the decision process;
- Enrich the model linking documents and other information to objects and spaces for complete BIM and handover;
- Validate models and identify clashes; and
- Handover the most complete and accurate data set in Open BIM formats.

3.2.1.3 Mail Forms

Controlling the formal questions, discussion and resolutions that get exchanged during the course of a project can be the key to avoiding cost overruns and delays. Aconex improves project communication management by centralising communication for the project team across every interaction including email, drawings, 3D models, drawing revisions, bids & tenders, contracts, and change orders. With the Mail Forms module users can:

- Communicate with the right person in real time for greater control and faster turnaround;
- Access communications like RFIs, approvals or change orders, project-wide so everyone stays on the same page even as people join or leave the project;
- View full correspondence threads and links associated project documents;
- Reduce the risk of disputes by tracking every communication. All correspondence and forms sent via Aconex are automatically logged and cannot be deleted by users, providing a robust audit trail;
- Place approval workflows on specific mail forms to ensure that the right people sign off before it is released to the recipients;
- Easily locate all types of mail, for example, "all overdue RFIs" or "all change orders received last week"; and
- Integrate to commonly used email tools such as Outlook to directly send, receive and reply to Aconex mail.

3.2.1.4 Mobile Applications

Projects are run on-site and on the road as much as in the office. Aconex mobile applications for iOS and Android devices are designed to allow project teams to collaborate, review processes, conduct inspections, and reference O&M manuals from any location. With the Aconex Mobile Applications, users can:

- Access information and documents from remote locations on mobile devices;
- Capture or respond to issues on the move (even when offline), without having to go back to the site or office;
- Capture photos and video on site and view images; and
- Manage files and correspondence for offline access and action. Full synchronisation occurs when a connection is restored.

3.2.1.5 Dashboard and Reporting

Aconex's graphical dashboards and robust reporting allow team members to gain insight across the project. Key features allow users to:

- Create graphical chart-based dashboards and reporting to provide a full picture of the project including key project metrics, timelines and overdue items;
- Quickly narrow search results through the "filter-by-attribute" and SuperSearch search function;
- Monitor project progress through custom-defined or pre-built reports; and
- Seamlessly integrate with existing reporting systems using a web service application programming interface or export reports and charts to Excel with the click of a button.

3.2.1.6 Workflows

The Aconex workflow management tool automates repetitive processes and allows for real-time decision making and conflict resolution. With the Aconex workflow management, users can:

- Create custom workflows across multiple organisations with a drag and drop interface;
- Maximise compliance of project participants with agreed procedures and timelines through a single platform;
- Align both internal and cross-company processes to reduce confusion and improve consistency;
- Allow for an infinite number of sub-workflows to allow organisations or groups to review amongst themselves from a single review point;
- Streamline review processes across simultaneous reviewers; and
- Provide visibility to review processes so bottlenecks can be identified before creating significant delays.

3.2.2 Optional Modules

In addition to the core Aconex platform, the Company also offers customers access to six Optional Modules that can be added to the base platform for an additional cost. These Optional Modules are targeted at providing additional functionality to allow customers to realise efficiencies.

3.2.2.1 Bidding and Tenders

Bid and tender management can be time-consuming and labour-intensive, involving manual processes, short timeframes, and large volumes of documents. Aconex bid and tender management, including BidContender, is an integrated online bidding and tendering network supporting user organisations through the pre and post-award tendering phases. The Aconex bid and tender management solution allows users to:

- Manage bids and tenders, RFIs, and addenda from one intuitive interface;
- Simplify and automate bids and tenders with a cloud platform available from anywhere;
- Distribute bid and tender packages instantly and securely, regardless of the number or size of the documents or drawings;
- Have reporting visibility of when bidding and tendering documents are received, when they are opened and when submissions have been returned;
- Meet probity requirements with an electronic lockbox; and
- Re-use information in future procurement cycles.

3.2.2.2 Field Inspections and Checklists

Aconex Field provides a secure mobile and web-based platform that transforms the inspection process, enabling users to distribute and track defects, safety risks, non-conformances, and other issues in real time for access on mobile devices. The mobile application, available on both iOS and Android devices, allows users to:

- Accelerate project activities through real-time inspection management;
- Accurately identify and capture issues;
- Attach pertinent information including photos for quicker resolution;
- Communicate issues across the project and with subcontractors through integrated mail;
- Ensure, with checklists, that no issue is overlooked and no errors are introduced by duplicative manual input; and
- Control and improve the quality of inspection processes.

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3.2.2.3 Packages and Deliverables

The Packages and Deliverables module supports the streamlining of project processes from bid management to vendor document management by replacing paper documents with digital versions, automating repetitive processes and keeping documentation in one place. With the Aconex Packages and Deliverables system, users can:

- Simplify and standardise information packages with one consistent format across all trades and project partners for fast and efficient processing;
- Quickly assemble project packages using powerful search tools for project documents;
- Monitor progress through easy-to-read graphical summaries of the status of packages and share reports; and
- Manage the review process by enforcing a consistent procedure.

3.2.2.4 Quality and Safety

Aconex's quality management and safety inspections tool assists in the automation of safety programs, offering a simple way to register and track all documents related to quality and safety management. The Quality and Safety module allows users to:

- Complete safety inspections onsite with a tablet or smartphone;
- Reduce manual processing through the elimination of spreadsheets and paper lists;
- Protect digital information through cloud based back-ups; and
- Review a complete, searchable record of all quality and safety checks.

3.2.2.5 Interface Management

Aconex Interface Management is designed for multiparty collaboration both within and across organisations. In oil and gas projects in particular, it can be difficult to identify interfaces among contracts and vendors, assign tasks to resolve them, and monitor and report on their status across project teams. In a single system, it provides interface managers with the functionality and performance required to improve efficiency and reduce risk. Users can:

- Create interface processes and workflows with drag-and-drop ease;
- Identify and manage interfaces project-wide in real-time and resolve interface issues across organisations and regions as they arise;
- Communicate interface gaps, overlaps, and conflicts to project team members;
- Access real-time interface tracking and status reporting;
- Link interfaces to centralised information, document, and correspondence management; and
- Manage team accountability and avoid disputes with a complete audit trail.

3.2.2.6 Handover/O&M

As construction projects near completion, teams need to prepare for asset handover. Too often, operations and maintenance manuals are treated as an afterthought, creating additional cost and risk at a critical time in the project. With Aconex Smart Manuals, project teams can progressively collate O&M manual documentation in the context of BIM and 3D models during the planning and build phases of the project – making both the handover and ongoing maintenance easier on the developer, asset owner and facility manager. With the Aconex Smart Manuals module, users can:

- Collate O&M documentation accurately as an asset is being built;
- Include information in the context of BIM and 3D models;
- Securely store and easily access digital O&M manuals;
- Track and report on the progress of each manual, including supplier compliance requirements; and
- Gain access to digital O&M manuals in the cloud via online archives or on easily secured digital media.

3.2.3 Infrastructure and Customer Support

In addition to the core product and Optional Modules, Aconex provides a number of ancillary services to clients to support smooth and effective utilisation of the Company's platform:

3.2.3.1 Infrastructure

Aconex has third party access to host its platform through 8 leased data centres around the world, which are built to be scalable with multiple points of redundancy and to manage large volumes of data. This year, the Company's infrastructure is expected to deliver nearly a petabyte of data, or almost one billion megabytes of data, to Aconex users around the world. The Company leverages web acceleration technology, including routing optimisation and advanced caching, to increase upload and download speed for users accessing the Aconex platform from any region.

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The Company's leased data centres and best-practice policies and procedures ensure exceptional levels of system availability around the world. Aconex also has disaster recovery centres that are geographically separate from the main centres processing client data.

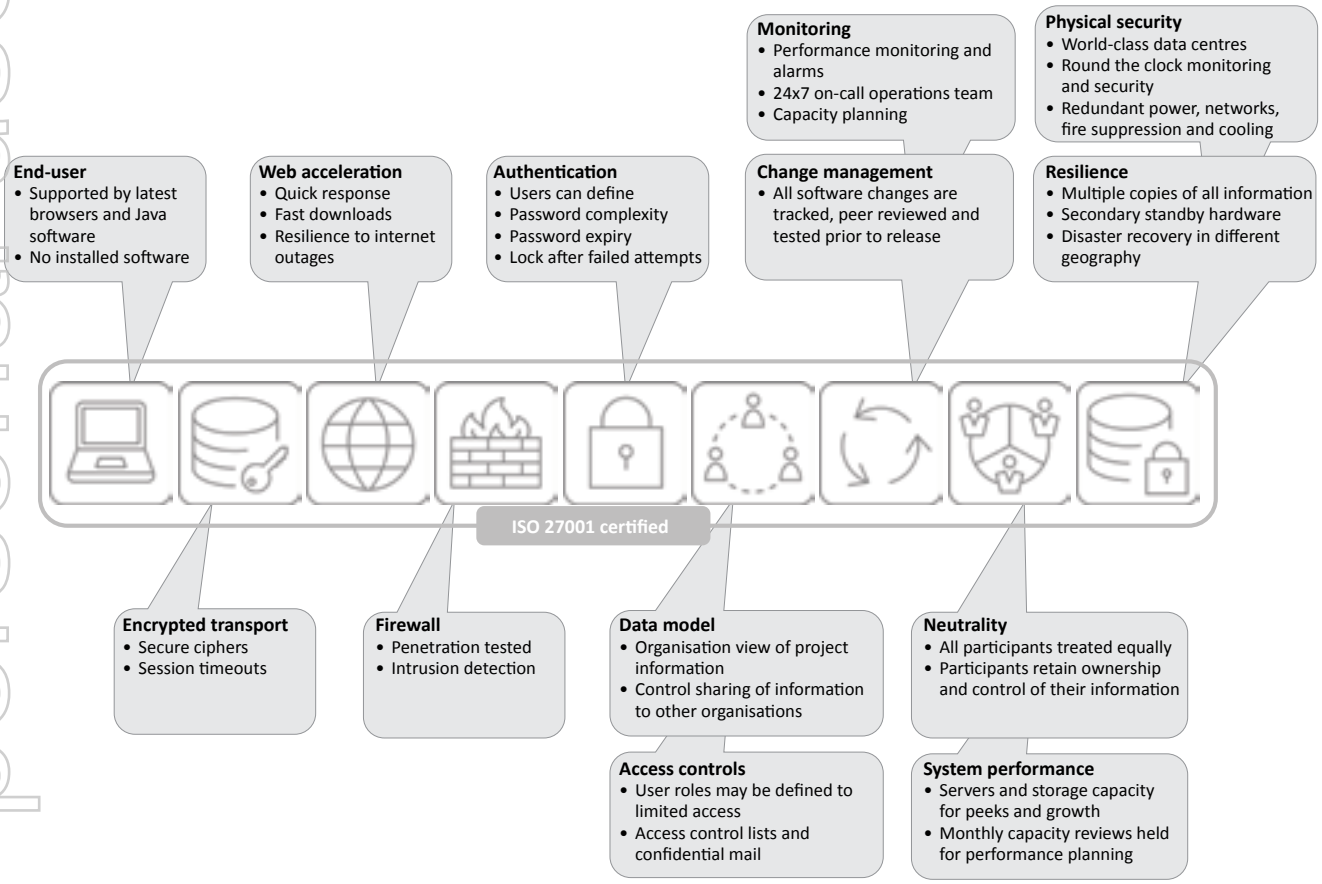
3.2.3.2 Security

Strong information security is important to Aconex customers. Aconex is certified for ISO 27001, an international standard for information security, and implements security protocols similar to those used in retail banking for end-to-end encryption of sensitive information.

Aconex continues to invest in the security of the platform. Over the last 12 months, Aconex has worked closely with a number of key customers to further enhance security. Customers can integrate their enterprise security protocols with the Aconex platform accessing single sign-on, two-step user verification and event logging functionality. Additionally, Aconex provides a Security Operations Centre (SOC) team to continuously monitor the application and respond to potential security issues for customers.

The elements of the Aconex security model are detailed in Figure 14:

Figure 14: The Aconex security model



3.2.3.3 Training

For all customers, Aconex provides industry recognised online self-help resources, live webinars or on-site training classes. Training resources cover all key areas of Aconex functionality and are designed to help project participants become proficient at productivity-enhancing processes that are specific to the construction industry. Aconex training is available worldwide from multilingual Getting Started guides to local experts in more than 41 locations around the world. All project participants are offered unlimited training at no additional cost, which helps both the user and the Company through assisting users to achieve better project outcomes as a result.

3.2.3.4 Support

To support the effective implementation and utilisation of the Aconex platform, the Company provides a 24 hour, 7 day a week global helpdesk team (using a 'follow the sun' model) to assist as required. Aconex offers unlimited support to all project participants at no additional cost. The Company also provides a rich library of online support (Support Central), including video tutorials and FAQs, inclusive of tips and advice from the Aconex user community. The Aconex platform is available to users in

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English, Spanish, French, Italian, Portuguese, Chinese, Korean and Japanese and the online support resources include role-specific "Getting Started" kits in these languages.

3.2.4 Product development

Aconex is continuously investing in research and development to extend the Company's product range. Software updates are provided to the platform approximately every 4 weeks, with the SaaS approach providing customers with automatic upgrades allowing the expanded functionality to be available instantly to all users. The Company's current platform is the result of continuous product refinement after 14 years of feedback and direct engagement with hundreds of different organisations in the construction industry.

3.2.4.1 New product development

Aconex is continuously investing in and developing the Company's platform. In the last 24 months, Aconex has released numerous new products including Aconex Mobile for iPad and Android tablets, Aconex Field for iOS and Android, Aconex Smart Manuals, Aconex BIM Reviewer and Aconex for Outlook. While Aconex Mobile is included as a component of the base product providing additional ways to access the core Aconex platform, Aconex Field and Aconex Smart Manuals represent an additional market opportunity across the large network of customers and users in established regions such as ANZ and the Middle East. Aconex has successfully expanded its product set with both the Field and Smart Manuals products generating bookings, or new contracts, of $4.5 million in FY14.

In addition, Aconex undertook a major new product launch in October 2014. The centrepiece of this launch was Aconex Connected BIM, a new solution for project collaboration between design and construction teams around BIM data and processes. The Company also released a mobile version of Aconex Smart Manuals Dynamic for owners and their facility managers to manage asset operation and maintenance information in the cloud. The new product launch will also further enhance the safety of customer project data and set a new construction industry standard for security in the cloud. Based on the significant Research and Development investment and hours of software design relative to previous module releases, these new offerings should increase the Company's competitive advantage across all regions.

In addition to Aconex development, many customers use the Aconex web-service APIs (Application Programming Interfaces) to integrate Aconex to their internal software systems, including ERP (enterprise resources planning) systems, internal ECM (Enterprise Content Management) systems, project cost management tools and design authoring software.

Figure 15: New Product Launch (October 2014)

New product	Description
Aconex Connected BIM	Platform where teams and information are connected and users can share, merge, review, mark up and enrich the model data
Aconex O&M Handover Dynamic	Extension of O&M handover solutions to mobile facility management, including real-time access to and updates of dynamic asset operation information via tablets
Aconex Security	Security options to integrate with corporate security environments, including two-step verification, single sign-on, event logging and security operations centre monitoring
Aconex Mobile: Mark-ups and Annotations	Extension of mobile offering to include comment, highlighting, red-line, pin photo, digital signatures and advanced pdf search functionality
Aconex Field Checklists	Extension of Field module to include a system for the management of structured inspections, recording of positive and negative outcomes and integration with workflows
Aconex Mail Forms	Structured platform for process management supporting integration with business processes and forms
Aconex Business Intelligence	Extension of the flexibility of the current reporting functionality to include dashboards that can be customised and integrated with existing systems, and increased cross project benchmarking
Aconex Certified	Provision of a certification program that allows project participants to obtain an Aconex Certificate to recognise their skillset and experience

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3.2.4.2 Product pricing evolution

Figure 16 presents illustrative incremental pricing and take-up rates for each module within the Aconex construction collaboration solution. The incremental pricing presented in Figure 16 is purely illustrative and is not based on a particular case study of an actual client, but rather provides an approximate depiction of the Company's per client revenue opportunity from continued product evolution and up-selling additional modules as they are developed. Aconex makes individual pricing decisions based on a range of factors in a client relationship and individual circumstances.

Figure 16: Illustrative incremental pricing and take-up rates of Aconex



Price (%)[1]	FY14 Bookings Split[2]		First release date	Take-up Rates[3]
10-25%+		Field	2012	27%
10-20%+		Handover / O&M	2009 & 2013	25%
10-15%+		Tenders	2001 & 2010	52%
15%+		Workflows	2006	80%
3-10%+		Archives	2001 & 2010	85%
Base price		Core platform	2001	100%

1. Indicative price uplift on top of the base price for the core platform that be achieved for a given module.
2. Split of FY14 bookings by dollar value.
3. The percentage of customers who elected to include a given module in their FY14 subscription agreement.

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Case Study: OHL-FCC

OHL-FCC Limited Partnership is a joint venture between two global construction and environmental infrastructure companies, Obrascon Huarte Lain (OHL) and Fomento de Construcciones y Contratas (FCC). The joint venture won a key contract to build twin tunnels and the Highway 407 Station within the C$2.6 billion Toronto-York Spadina Subway Extension project, which is targeting completion by 2015.

The project requires all communications with the client to include from two to six hard copies of each document – with more than 200,000 individual paper documents produced to date. To address the document control challenges driven by such a large project, OHL-FCC utilised the Aconex platform to provide a single, comprehensive solution for project information management.

To date, the Aconex offering has been able to deliver a number of benefits to the project including:

- An 88-90% reduction in days required for communications with third parties, with turnaround time reduced from 25-28 days to three days;
- An 80% efficiency improvement in the time taken in bid process, reduced from 30 days to 5-7 days;
- $396,000 in indirect costs saved per year, with the requirement for project coordinators reduced by half due to the comprehensive information and process management capabilities of Aconex; and
- A 50-66% reduction in days required for change management, from 21 days down to 7-10 days.

OHL-FCC decided that attempting to share such a large number of documents across organisational boundaries through an internally hosted server solution, such as SharePoint, would be impossible.

Figure 17: Toronto-York Spadina Subway Extension project



Note: See Secion 9.13 regarding OHL-FCC's consent for this information to be included in this Prospectus.

3.2.5 Product differentiation to competitors

Key differentiators of the Aconex offering to competitors include:

3.2.5.1 SaaS from day one, built for the Cloud

The Aconex platform was built from its inception as a SaaS-based, scalable multi-tenant platform designed to allow fast release cycles of software updates and efficient use of computing resources. Customers benefit from a lower cost of ownership and rapid deployment without the time and expense of purchasing, installing, and maintaining software and hardware.

3.2.5.2 Purpose built for the industry

Derived from 14 years of industry feedback, the Company's extensive product functionality demonstrates deep expertise across the residential and commercial, government and infrastructure, and energy and resources segments. The platform's broad solution set, robust underlying technology, and mobile functionality provide all participants in the construction industry information and process control they require to execute their projects, both in the office and in the field.

3.2.5.3 Easy to Use

Aconex solutions, for both browsers and mobile devices, are designed to be easy to learn and use for all participants on the project – from the owner and contractor, to consultants and subcontractors. These solutions emulate existing construction industry processes to decrease the learning curve for new users.

3.2.5.4 Single project-wide platform

The Company's flexible and integrated platform provides customers with a centralised project-wide approach for all project participants to manage documents, communicate, and streamline business processes. The benefits to all participants encourage users to manage more information and processes, driving wider adoption and better coordination across the entire project team.

3.2.5.5 Neutral with a clear audit trail

Aconex solutions run on a neutral, third party platform which is independent of all project participants. The Aconex platform is a neutral offering because it does not place information control with the paying customer; all project users are able to store and share their information while retaining ownership and control, regardless of their role in the project. Additionally, all participants have a complete audit trail of all their documents, correspondence, workflows, and decisions.

3.2.5.6 Unlimited model

Aconex customers subscribe to the platform on an unlimited basis – unlimited users, unlimited usage and unlimited customer service. The 'no limits' model encourages wide user adoption and deep usage of the platform to maximise value for our clients. Unlimited customer service, including training, implementation and user support, further reinforces adoption and deep usage by accelerating deployment and supporting the shift of processes onto the Aconex platform.

3.2.5.7 Complex project capability

The depth of functionality and robustness of the Aconex platform enables Aconex to serve large complex projects and programs anywhere in the world. In addition, significant investment in security provides the information security required by large global customers, with the added benefit that the same level of security offering is provided to all customers regardless of project size.

3.2.5.8 Integrated processes, mobility, BIM

The Aconex platform is a fully integrated collaboration platform. The data and functions of all modules, including Aconex Mobile and BIM, are integrated together into one project-wide information and process architecture. Application Programming Interfaces (APIs) further enable information and processes to be integrated to customer's internal software.

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3.3 Clients

Aconex has established relationships with Asset Owners, EPC and Tier 1 Contractors, Mid-tier Contractors and Project Managers who are amongst the largest in the global construction industry. The Company's customer base includes recognised engineering, procurement and construction (EPC) firms of international scale. The Company's successful track record is demonstrated by the platform's implementation on some of the most complex projects around the world.

Figure 18: Delivering cloud collaborations solutions for global construction projects[45]

Tier 1 Australian builder, Enterprise Agreement



Project Users	239,973	Documents (m)	327
Correspondence (m)	383	Data Volums (GB)	727,018

Major Australian mining program



Project Users	20,006	Documents (m)	2
Correspondence (m)	16	Data Volums (GB)	8,708

Metro for major Middle Eastern metropolis



Project Users	11,010	Documents (m)	6
Correspondence (m)	29	Data Volums (GB)	17,322

Development projects for major Asian airport



Project Users	2,990	Documents (m)	2
Correspondence (m)	4	Data Volums (GB)	727,018

Aconex is the vendor of choice for some of the largest and most iconic construction projects of the last decade, including the Venetian Macao Resort Hotel in Macao, the Dubai Metro, Yas Island in Abu Dhabi, Marina Bay Sands in Singapore, the Antapaccay Copper Mine with Xstrata/Glencore in Peru, the BHP Billiton Iron Ore Rapid Growth Projects in Western Australia, the Westfield White City Shopping Centre in London, the Hong Kong Airport redevelopment, the New York City Hall reconstruction and the Panama Canal expansion. For the Panama Canal project, Aconex provided training and support in multiple languages to 3,438 users across numerous global organisations and implemented the project in three weeks. Highly visible and successful projects such as the Panama Canal are likely to further strengthen the Company's global brand awareness and ultimately drive further penetration in new and existing markets.

45 "Correspondence" refers to all mail and messages relayed on the Aconex platform, and "documents" are forms and documentation transferred between project participants.

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Figure 19: Blue chip and diversified customer base



Aconex has successfully built a large and diversified global customer base of leading firms across the residential and construction, government and infrastructure, and energy and resources industry segments. For FY14, no single customer accounted for more than 5% of revenue and the top 10 customers accounted for 15% of revenue[46].

3.4 Subscription model

Aconex generates its revenue from the subscription sale of construction collaboration solutions. Aconex offers a core collaboration platform that can be enhanced by additional modules. If a client chooses to add a module, they are charged an additional fee. The solution is priced as either a project subscription or as an enterprise subscription agreement for all of a customer's projects.

3.4.1 Pricing model structure

The nature of the Aconex business model means there is a single paying organisation (the customer), usually the Owner or the Contractor, with a number of additional non-paying consultants, sub-contractors and other project participants (who, like customers, are users) using the system for the life of a project (**Unlimited Usage Pricing**). The Company determines pricing based on project size and complexity, charging on average 0.096% of the total construction value[47]. The Company also offers the option for customers to pay on a per-user basis; however, greater than 90% of customers prefer to pay a fixed subscription fee for unlimited users. Unlimited customer service, including training, implementation and support, for all project participants is included in the fee.

For all Aconex products, revenue is recognised over the service period. Revenue is recurring, underpinned by a backlog of revenue to be generated under contracts relating to committed and operating projects, which will be recognised on average over three year periods. As a result, as at 30 June 2013 the Company had 76% of FY14 revenue, and as at 30 June 2014, the Company had 75% of FY15 revenue, to be generated under customer contracts relating to committed and operating projects. Additionally, the platform's scalable architecture and unique network driven business model enable Aconex to achieve operating leverage as the Company continues to expand its global reach, resulting in positive and expanding EBITDA margins expected in CY15 and beyond.

The Company's subscription business model is scalable, with increasing operating leverage as the user base grows. As the number of Aconex users increases, the Company saves on training and support costs per new project, as returning users do not require

46 A customer is considered to be one corporate group, notwithstanding that Aconex may have agreements in place with a number of different entities in the group.

47 0.096% of construction value is the weighted average percentage of fees received for deals signed by the Company during the last two years, excluding scope extensions and product upsells booked after the initial deal contract.

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re-training. This is evident in the service efficiency in ANZ, with helpdesk and client operations costs decreasing over the years from 15% of revenue in FY11 to 9% in FY14.

3.4.2 Overview of agreement structures

Aconex generates revenue under two main forms of subscription agreement: project and enterprise agreements. Sections 3.4.2.1 and 3.4.2.2 describe the differences between the two agreements:

3.4.2.1 Project subscription agreement

Aconex generated approximately 57% of its revenue in FY14 from project subscription customers, across one or more projects. Project subscriptions are an effective channel to initially engage with new clients. Aconex provides these customers with the option to pay up front or over the life of the project. Typically, these customers pay a portion of their fee up front (comprising an implementation fee and a usage fee) and the remainder of the usage fee over the life of the project, which is on average 42 months. Annual customer renewal rates for project subscriptions were 87% in FY12, 88% in FY13 and 87% in FY14[48]. Revenue is recognised over the length of the project subscription. After project completions, participants move onto new projects and are likely to seed new sales for Aconex.

3.4.2.2 Enterprise subscription agreement

Enterprise subscription agreement

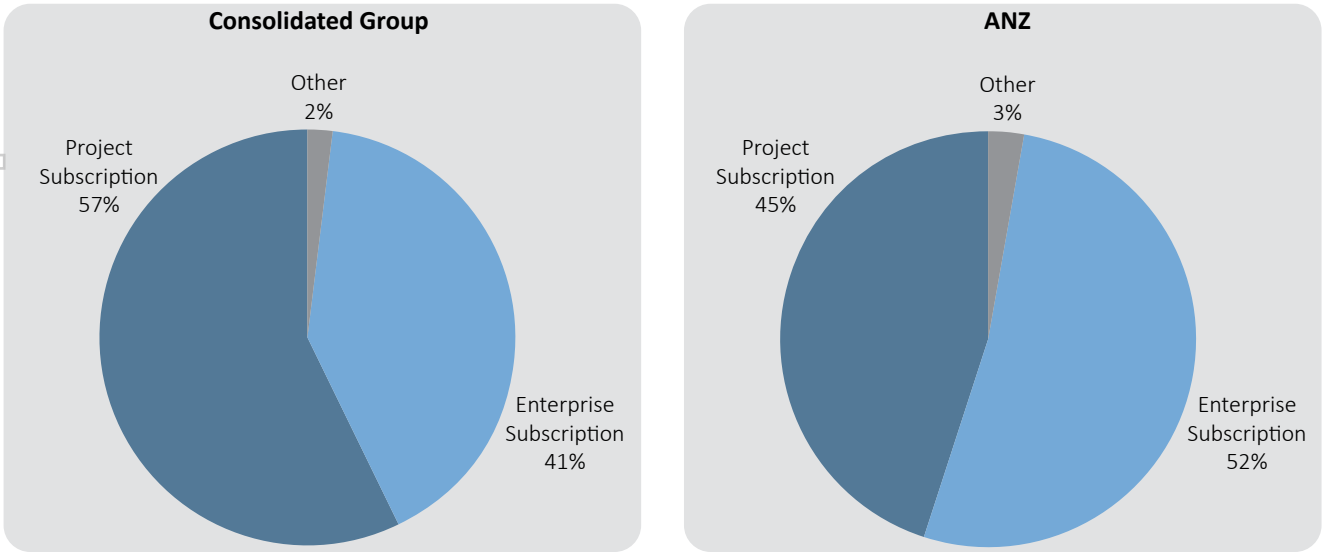
Aconex sells enterprise subscriptions to customers to use Aconex across all of their projects. Enterprise subscriptions are usually billed annually or quarterly in advance, and revenue is recognised over the contract life, usually 36 or 48 months. Longer term customers typically transition to enterprise agreements to achieve a better volume-based pricing outcome and to attain efficiencies from standardisation on the Aconex platform, across their projects. The transition of clients to enterprise subscription agreements provides the Company with revenue visibility and high annual customer renewal rates of approximately 88% in FY12, 89% in FY13 and 92% in FY14.

The Company has an increasingly strong base of enterprise customers that have transitioned from project subscriptions to long-term Enterprise Agreements. In FY14, enterprise agreements delivered approximately 41% of revenue. In the ANZ region, enterprise agreements generated 52% of revenue in FY14.

Enterprise subscription framework agreement

The Company also signs long-term framework agreements, which consist of a base subscription (often including coverage of early project phases in order to seed future projects) plus an additional subscription on a project-by-project basis from an agreed framework rate card. These agreements are especially appealing to customers that wish to standardise on the Aconex platform but have insufficient visibility into the timing of future projects.

Figure 20: FY14 revenue by engagement type



48 Renewal rates: percentage of customers 12 months ago that are still a customer today.

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3.4.2.3 Brookfield Multiplex case study[49]

Brookfield Multiplex, one of the Company's largest enterprise accounts, is an example of a customer that began on a project subscription before moving to an enterprise subscription engagement for all of their projects. Brookfield Multiplex has signed three subsequent multi-year renewals, with the annual revenue from this account increasing over five times since the commencement of the relationship.

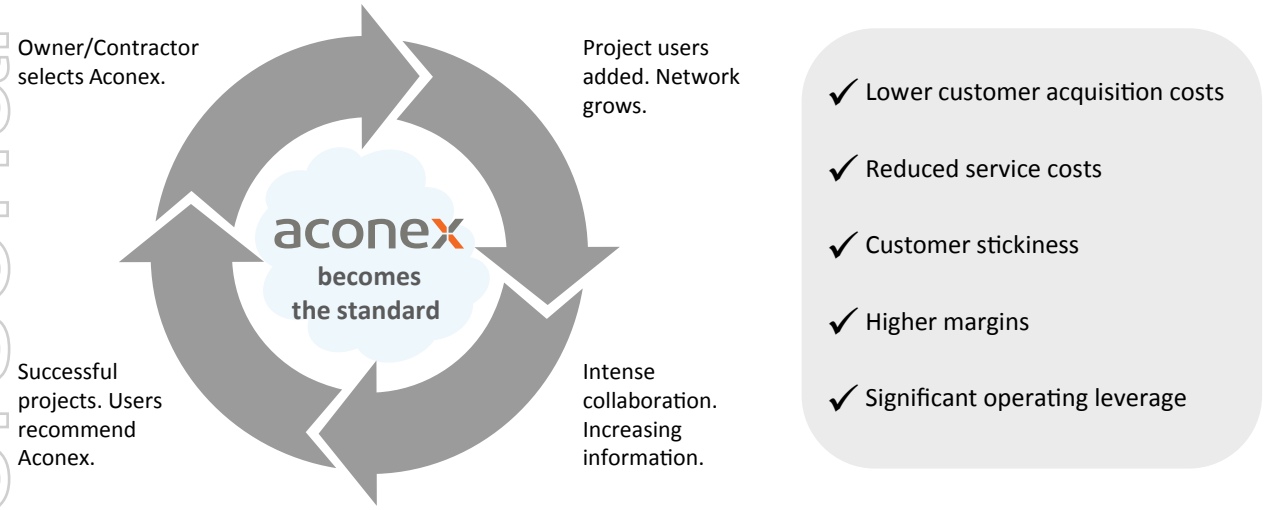
Brookfield Multiplex has experienced a strong increase in project interactions as more users join the Aconex network.

The number of interactions with organisations that Brookfield Multiplex communicates with has increased from 62 in CY02, when Brookfield first adopted the Aconex platform, to approximately 9,200 in CY13. Brookfield Multiplex is currently the Company's most connected customer, having direct interactions with approximately 9,198 platform participants on the Aconex network. Aconex is replicating the success of Brookfield Multiplex by, as stated above, upgrading project subscriptions to enterprise subscription agreements.

3.5 The Aconex model leverages network effects

The Company's business model and unlimited user model, both reinforce a beneficial network effect that drives Aconex towards becoming the standard platform for project collaboration in its markets. As demonstrated in Figure 21, the owner or contractor customer selects Aconex and enforces its use on its projects and the user network grows, thereby increasing collaboration and information sharing. At the end of a project, participants are likely to seed dozens of new projects and may recommend the use of Aconex, further accelerating platform penetration and creating growth. As a result, a network effect is created – as more users join the Aconex network, more projects are managed and more information is captured, increasing the value to each user and organisation.

Figure 21: Virtuous Cycle Resulting from the Network Effect



The network effect acts to both entrench existing users as well as support Aconex's expansion into new geographies and industry segments. The network effect works to lower customer acquisition costs by reducing marketing requirements as a result of customer referrals. Additionally, the network effect drives reduced service costs as existing users require less training and support, and promotes customer stickiness with a growing network increasing the cost of substitution of users. As a result, the network effect supports operating margin expansion and provides significant operating leverage. The value generated from this virtuous cycle and from broadening user familiarity continues to incentivise key project decision makers to adopt Aconex as the platform of choice for their subsequent projects.

The success of the model is shown in Aconex's ANZ region, where the percentage of returning users (a user who has already used Aconex previously) on new projects increased from 53% in CY07 to 76% in CY13. The benefits of the network effect are also evident in the Company's sales performance in FY14 with shorter sales cycles of 145 days at a higher win rate of 62% achieved in ANZ compared to other regions where the sales cycles averaged 211 days at a 32% win rate[50]. From FY12 to FY14, service costs decreased from 13% of revenue to 9%.

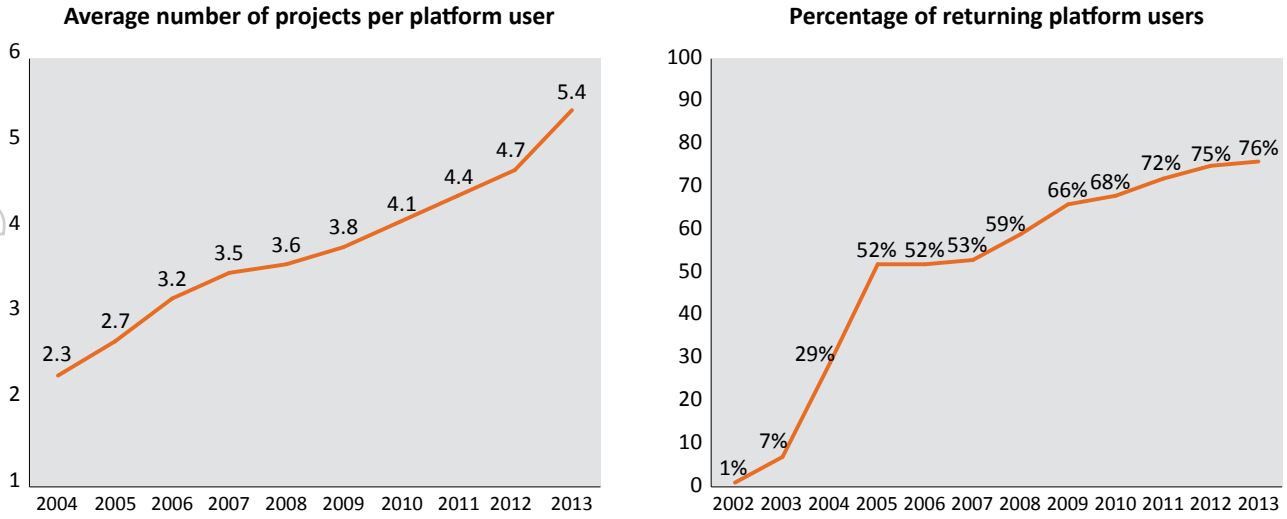
49 See Secion 9.13 regarding Brookfield Multiplex's consent for this information to be included in this Prospectus..

50 Losses include projects that did not proceed, projects awarded to enterprise subscription customers covered within their agreement, and losses to competitors.

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Figure 22: ANZ User Metrics



3.6 Profitable and highly penetrated ANZ business

The strength of the subscription model and network economics is demonstrated by the penetration and profitability of the ANZ business. Segment Operating Contribution Margins have consistently surpassed 60% due to the results of this network effect and was 65% for the region in FY14.

With deep penetration throughout the ANZ market, Aconex has strong relationships with nearly all the major ANZ contractors (construction companies and builders). Of the top 50 contractors in ANZ by new projects wins in 2013, 80% are customers of Aconex and 46% have standardised the use of Aconex across all of their projects on long-term enterprise-wide subscription agreements[51]. This deep penetration of the top general contractors in ANZ enhances the value of choosing Aconex for new projects and likewise makes choosing a competitor substantially more difficult and expensive.

At the owner level, Aconex is equally well penetrated. Aconex is used by Sydney, Melbourne, Perth and Brisbane airports in Australia. Nine of the top ten ASX listed REITs by market capitalisation are customers of Aconex and seven of the top ten have standardised across all of their asset development projects on enterprise subscription agreements. For large projects, Aconex is widely used by the major mining companies, and over 11 hospital projects over $500 million built during the last 10 years have used Aconex.

The Aconex strategy in ANZ is to leverage its strong position to drive continued growth and margin expansion. Aconex will:

- seek to transition more clients to enterprise subscription agreements across all of their projects;
- target the government and oil and gas segments;
- upsell new products such as Field and O&M Handover Manuals to its existing client base;
- refine the sales model for comprehensive market coverage, using telesales, focused product sales initiatives and a sophisticated marketing operation; and
- continue to set the regional benchmark for the quality and efficiency of customer service delivery.

In addition, Aconex will develop its BidContender bidding network to provide project leads to its large subcontractor user base.

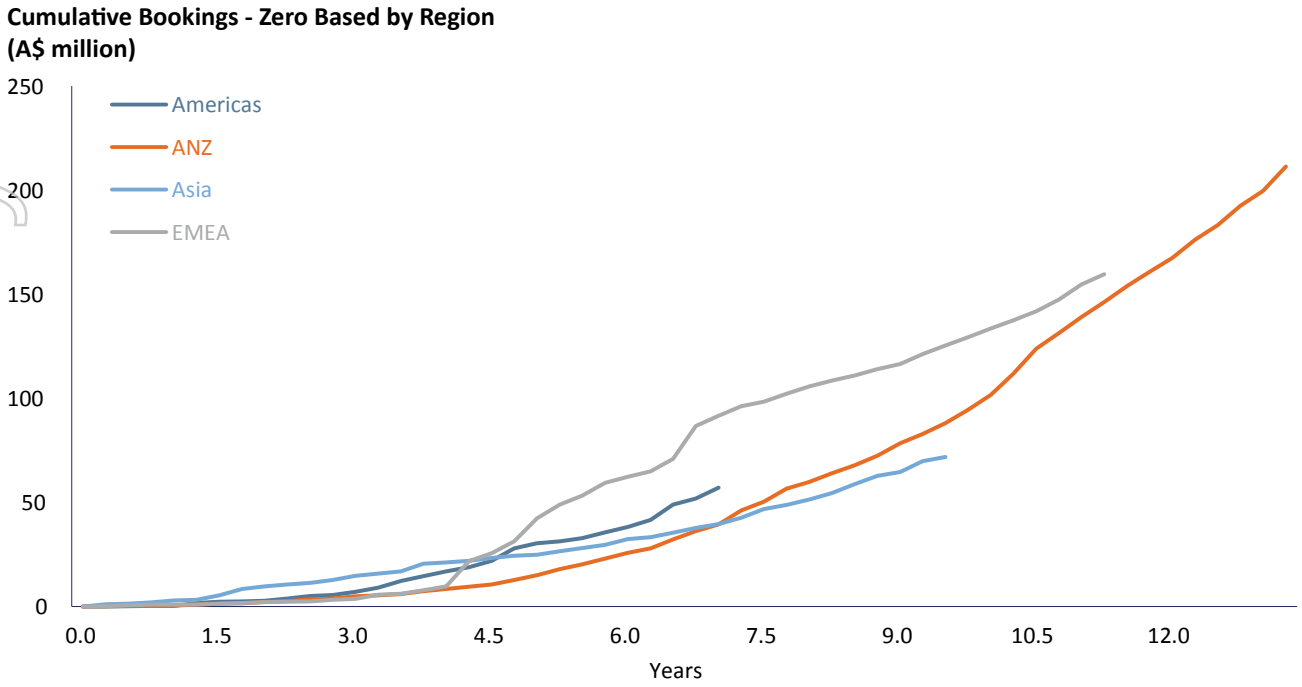
3.7 Global expansion through replication of the ANZ model internationally

Expansion throughout existing but underpenetrated geographies represents the largest growth opportunity for Aconex. Since the establishment of a UK office in 2003, Aconex has remained focused on replicating the profitable ANZ model in other geographies. Within ANZ, a region with advanced penetration of construction collaboration solutions relative to the rest of the world, Aconex has demonstrated an ability to position itself as a profitable market leader.

Historically, the growth and profitability of the international business has followed a similar trajectory to that of ANZ.

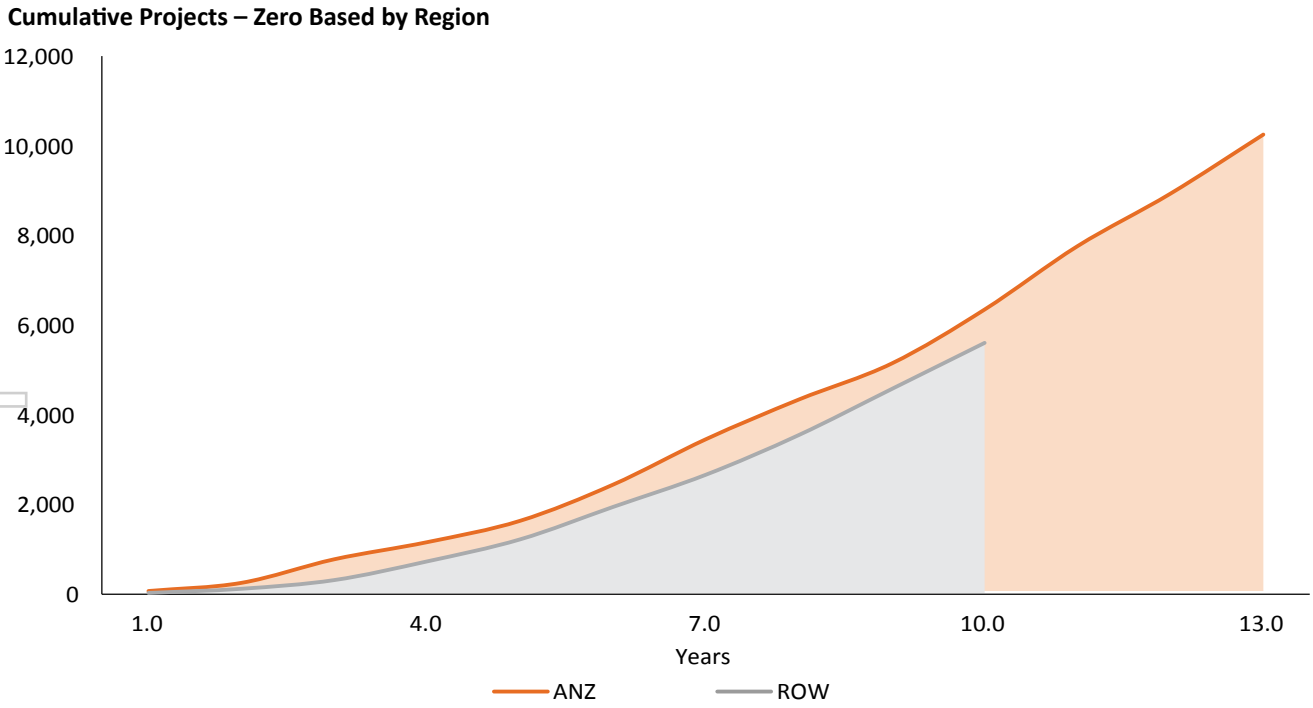
51 Based on the top 50 contractors in the HIA-Cordell Construction 100, Australia's 100 Largest Commercial Construction Companies 2012/2013.

Figure 23: Newer markets ahead of ANZ trajectory[52]



In addition, Aconex's historical expenditure of approximately $50 million over the last 5 years in developing technology, its established global sales, marketing and customer service network of 250 sales and service representatives across 41 offices in 22 countries, and global support infrastructure including 8 data centres and a follow-the-sun helpdesk, provide the Company with a significant amount of operating leverage to support the international business's current growth trajectory.

Figure 24: Cumulative new projects demonstrating global growth trajectory[53]



52 Zero based means that the time period starts for each region when Aconex entered the region.

53 Zero based means that the time period starts for each region when Aconex entered the region.

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3.7.1.1 Americas

The Americas, particularly the United States and Canada, is home to many globally influential owners, EPCs and contractors. The region is a key focus area for the Company to drive growth, over the short, medium and long-term. Since entering the market in 2008, Aconex has won iconic projects including the Panama Canal 3rd Locks Program and the New York City Hall reconstruction. In FY14, revenue growth for the Americas region was 35%.

The United States will experience a period of construction growth driven by population growth, a more competitive manufacturing sector, the shale gas and oil expansion, and knock on effects of significantly lower energy prices. In order to capitalise on this trend, the Company will pursue growth by focusing on the power, mining, oil and gas, and infrastructure leveraging the Company's strong reference base in these segments.

Like Australia, Canada has a broad resources sector, but has lagged Australia in oil and gas related construction. Strong demand for fossil fuels should drive additional construction activity in the sector. Construction growth in Canada is also being driven by population growth, which is faster than in the US, and by the federal and provincial governments initiating long-term investment programmes in infrastructure.

In Latin America, Aconex has a strong established position in the mining sector winning multi-billion dollar projects such as La Granja with Rio Tinto, Lomas Bayas with Xstrata/Glencore, and Quellaveco with Anglo American, and has won key reference projects in the large infrastructure sector, such as Lima Metro and the Panama Canal.

Aconex will leverage its technology investment in Field, Mobile and BIM to differentiate and position itself as the best of breed global construction collaboration provider. To support the field sales teams in the Americas, Aconex has created a sales development representative (SDR) team to set sales appointments, improving sales efficiency. Given the number of global construction leaders in the North American market, the Company has built a key account team to manage engagement with these customers. This will allow Aconex to grow the number of clients on enterprise agreements, increasing revenue predictability and market penetration. This integrated sales approach combined with the Company's global customer service reach is expected to drive penetration and transaction volume into these industry segments and accelerate growth across the region.

3.7.1.2 EMEA

For Aconex, the EMEA region is made up three different sub-regions – the developed markets of Western Europe, a rapidly developing Middle East market and a mining led African market – all with significant ongoing opportunities.

In the Western European market, Aconex intends to build on its iconic project wins in the UK market, such as the Battersea Power Station Redevelopment and Cambridge University, to reinforce its position in the United Kingdom. Across Western Europe, Aconex intends to continue to target large infrastructure programs particularly those involving European contractors operating in international joint venture situations.

In Africa, Aconex will target energy and resources projects, particularly the mining sector, using its network of existing mining customers in the region and globally.

The Middle East market has seen a rapidly improving investment cycle over the last two years, with significant ongoing government investment into large infrastructure, commercial and residential development. Aconex has become a typically popular system for most of the major construction programmes in the region, including Dubai Metro, Qatar Rail, Riyadh Metro and the Oman Airport Authority. In FY14, revenue growth for the EMEA region was 42%.

The Company intends to leverage its strong market position to develop a consistent and balanced business across key Middle Eastern markets. The Company intends to:

- Extend its penetration in the UAE (Dubai and Abu Dhabi) by migrating existing customers to enterprise subscriptions, driving product upsell and selling to regionally focused owners and contractors;
- Expand its local team on the ground in Saudi Arabia, to continue its push into this key long term growth market for Aconex, which has high levels of investment in large mega programs serviced by the large international EPC's and contractors; and
- Extend its presence in Qatar, focusing on large infrastructure projects in anticipation of the 2022 FIFA World Cup.

3.7.1.3 Asia

Asia is the world's largest construction market, and includes three of the top five individual markets – China, Japan and India. Aconex has been used on many of the region's largest infrastructure and mixed-use developments, including Hong Kong Airport, the Marina Bay Sands in Singapore and nearly all the integrated resorts built in Macau in the last 10 years. In FY14, revenue growth for the Asia region was 25%.

The Aconex strategy in Asia is to focus on driving increased penetration across the region and to build the base for a business capable of capturing the regional growth expected over the next decade. In particular, Aconex intends to:

- Invest in sales (both direct and indirect channels) and marketing to build its market position in Greater China, the world's single largest construction market. Aconex will continue to build on its success servicing large residential and commercial

projects, with an increasing focus on leveraging its global success in the large infrastructure and energy and resources sector to diversify in this market;

- Deepen market share in the developed markets of Hong Kong, Singapore and Malaysia;
- Develop a predictable and consistent Indian business by targeting infrastructure projects and the top tier property developers;
- Build on early successes in Indonesia and target attractive infrastructure projects in one of the world's fastest growing construction markets;
- Leverage its global network, landmark wins and local Japanese presence and expertise, to become the market choice for Japanese contractors and owners, irrespective of the location of their projects; and
- Invest in demand generation and business development infrastructure to accelerate growth by opening up new accounts, supporting the field sales teams and driving consistency in performance.

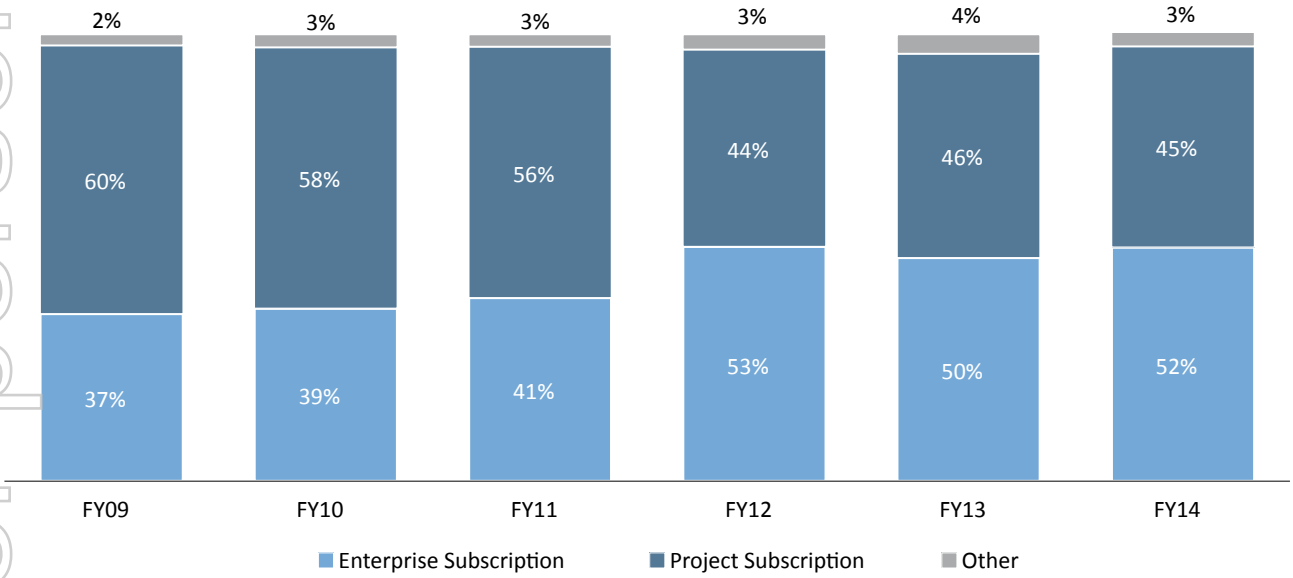
3.8 Other growth opportunities

3.8.1 Further entrench existing user base

Aconex has many opportunities to deepen market penetration and increase its footprint in established geographies by converting current customers to enterprise subscription agreements. To further entrench itself with existing customers and increase recurring revenue, Aconex is focused on accelerating the upgrade of project customers to enterprise agreements. In addition, the provision of an enterprise framework subscription agreement encourages customers without visibility into the timing of future projects to standardise their collaboration platform on Aconex while paying on a per-project basis.

By upgrading project customers to longer-term enterprise subscription agreements, Aconex can continue to drive user growth and increase both platform usage and future revenue visibility. Over the last five years, revenue generated from enterprise subscription agreements has increased from 30% in FY09 to 41% in FY14. The trajectory of customers increasingly electing to convert to enterprise subscription agreements over time is evident in the more mature ANZ region, where enterprise subscriptions have grown to 52% of revenue as shown in Figure 26:

Figure 25: ANZ historical revenue by engagement type



Note: Percentages do not add up to 100% due to rounding.

3.8.2 Upsell new products and further penetrate existing products

As Aconex releases new products and features, it expands its opportunities within established markets and extends its value to customers that otherwise may not have considered Aconex. These opportunities focus on upselling to existing customers and winning new customers. In addition to upselling new products, there is an opportunity to increase the penetration of the full range of existing products and services. The SaaS nature of the Aconex offering is highly conducive to this opportunity as it allows additional product modules sold to customers to be provided in virtually an instant at attractive margins given the significant operating leverage in the business.

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Developing new products that address adjacent stages of the project lifecycle – such as feasibility, leasing and facility management – represents a sizable growth opportunity within both existing and new accounts. Aconex's internal research and development team provides it with established capabilities to continue to drive new product functionality, with management expecting to invest approximately $12 million per annum extending the Aconex offering. The development of new products is anticipated to further broaden the Company's relationships with customers and users, as well as enhance the Company's value proposition by embedding Aconex throughout the entire project lifecycle.

3.8.3 Extended service offering opportunities

Aconex is developing new solutions that capitalise on its growing network of users and the vast amount of data captured by the platform. The Company's global network is composed of over 50,000 user organisations with extensive platform familiarity. However, the majority of Aconex users are currently non-paying. As the Aconex network of users grows, the information shared on the platform becomes increasingly valuable to them. This aspect of the network effect creates an increasing value proposition for all organisations that Aconex believes it can monetise.

The Company's BidContender module is an example of Aconex expanding its service offering to provide more value to non-paying customers. Aconex sells its BidContender solution directly to subcontractors, builders, and suppliers that use it to access project lead opportunities and to search, submit, and manage their online tender documents. The Company engages BidContender customers on subscription agreements where users pay a monthly subscription fee, and revenue is recognised over the subscription life. BidContender was launched in early 2011 and generated almost $1 million of revenue in FY14. Aconex plans to expand the BidContender solution to other geographies and to develop other products that can be sold into and benefit from its extensive user base.

In addition, Aconex is focused on continuing to expand its service offering to clients and one such opportunity exists in the provision of ancillary data analytics services. As a result of the deep data set of construction industry information on the Aconex platform, the Company has the ability to leverage this data set to provide customers with advice and analytics to benchmark project productivity and support efficiency initiatives. The Company can use aggregate level data across projects to enhance the value proposition of the Aconex offering.

3.8.4 Expansion of industry segments

Management sees additional growth potential in underserved industry segments, including transportation, defence, shipbuilding, and manufacturing. For example, defence and manufacturing projects share many characteristics with construction projects, such as the requirement to manage information and processes across multiple independent parties, the complexity of the projects, the risk of litigation in the event of disputes, and the need to streamline business processes. Aconex has recently commenced the provision of services in the manufacturing segment, evidence that an opportunity exists to leverage the Company's platform across a broader market opportunity.

3.8.5 Opportunistic assessment of acquisition opportunities

There is an opportunity for inorganic growth through the acquisition of complementary functionality or to access a new customer base. The construction collaboration solutions sector is highly fragmented, with many small, regional vendors that would benefit from the Aconex platform and global distribution capabilities. Aconex maintains a pipeline of potential acquisition targets with a strong regional presence and/or complementary functionality. Bolt-on products could be rapidly scaled through the Company's global sales and marketing and support capabilities.

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4 Financial Information

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4. Financial Information

4.1 Introduction

The financial information contained in this Section 4 has been prepared by the Company on a consolidated basis, including all of its subsidiaries, in connection with the Offer. The financial information for the Company contained in this Section 4 includes:

- statutory historical financial information for the Company, being the:
  - statutory historical consolidated income statements for FY12, FY13, FY14 and 1H FY14;
  - statutory historical consolidated cash flows for FY12, FY13, FY14 and 1H FY14; and
  - statutory historical consolidated balance sheet as at 30 June 2014,

  (Statutory Historical Financial Information);
- pro forma historical financial information of the Company, being the:
  - pro forma historical consolidated income statements for FY12, FY13, FY14 and 1H FY14 (**Pro Forma Historical Income Statements**);
  - pro forma historical consolidated cash flows for FY12, FY13, FY14 and 1H FY14 (**Pro Forma Historical Cash Flows**); and
  - pro forma historical consolidated balance sheet as at 30 June 2014,

  (Pro Forma Historical Financial Information);

  (together the Statutory Historical Financial Information and the Pro Forma Historical Financial Information are referred to as the **Historical Financial Information**);
- statutory forecast financial information for the Company, being the:
  - statutory forecast consolidated income statements for FY15, CY14, CY15, 1H FY15 and 1H FY16; and
  - statutory forecast consolidated cash flows for FY15, CY14, CY15, 1H FY15 and 1H FY16,

  (Statutory Forecast Financial Information);
- pro forma forecast financial information of the Company, being the:
  - pro forma forecast consolidated income statements for FY15, CY14, CY15, 1H FY15 and 1H FY16 (**Pro Forma Forecast Income Statements**); and
  - pro forma forecast consolidated cash flows for FY15, CY14, CY15, 1H FY15 and 1H FY16 (**Pro Forma Forecast Cash Flows**),

  (Pro Forma Forecast Financial Information);

  (together the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information are referred to as the **Forecast Financial Information**).

Aconex has a 30 June financial year end. As such, any references in this Section 4 to "FY" refer to a 30 June financial year end while references to "CY" refer to a 31 December calendar year end.

The Historical Financial Information and Forecast Financial Information together form the Financial Information. The Statutory Historical Financial Information and Statutory Forecast Financial Information together form the Statutory Financial Information. The Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information together form the Pro Forma Financial Information.

The Historical Financial Information and the Forecast Financial Information are presented on a consistent basis. The Financial Information presented in this Prospectus has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and or Prospective Financial Information by Ernst & Young Transaction Advisory Services Limited as stated in its Independent Limited Assurance Report on the Financial Information set out in Section 8. Investors should note the scope and limitations of that report.

The Financial Information presented in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus. Investors should note that past results are not a guarantee of future performance.

All amounts disclosed in this Section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $100,000.

Other information

Also described in this Section 4 are:

- basis of preparation and presentation of Financial Information (Section 4.2);
- management discussion and analysis of Pro Forma Historical Financial Information (Section 4.6);

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- management discussion and analysis of Pro Forma Forecast Financial Information and assumptions underlying the Forecast Financial Information (Section 4.7);
- sensitivity analysis (Section 4.8); and
- dividend policy (Section 4.9).

4.2 Basis of preparation and presentation of Financial Information

4.2.1 Overview

The Directors are responsible for preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of Aconex together with Forecast Financial Information for FY15, CY14 and CY15.

The Statutory Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (AAS) (including the Australian Accounting Interpretations), issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

The Pro Forma Financial Information has been prepared in accordance with the recognition and measurement requirements of AAS other than it includes certain adjustments which have been prepared in a manner consistent with AAS, that reflect (a) the exclusion of certain transactions that occurred in the relevant periods and (b) the impact of certain transactions as if they had occurred on or before 30 June 2014 in the Historical Financial Information or on or after 1 July 2014 in the Forecast Financial Information.

The Pro forma Financial Information does not reflect the actual financial results and cash flows of Aconex for the periods indicated. Aconex believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis with the Forecast Financial Information.

The Financial Information is presented in an abbreviated form and does not include all of the disclosures, statements or comparative information required by AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

Key accounting policies of the Company relevant to the Financial Information are set out in Section 11 and are also described in note 2 of the financial statements in the 30 June 2014 general purpose financial report of Aconex Limited which were lodged with ASIC prior to the date of this Prospectus. Accounting policies have been consistently applied throughout the periods presented. The 30 June 2014 financial statements include a change in the presentation of certain expenses. These changes have been applied consistently throughout the historical periods presented within this Prospectus.

Segment reporting

The reportable segments are described in Section 3. Aconex considers that the geographic segments are appropriate for segment reporting purposes under AASB 8 Operating Segments, which became applicable to Aconex for the annual reporting period commencing 1 July 2013. The FY12 and FY13 audited financial statements did not contain a segment note. The segment information for FY12 contained in this Prospectus has been derived from the unaudited management reports prepared on a consistent basis to the FY14 segment disclosure. The segment information for FY13 contained in this Prospectus has been derived from the comparative segment note contained in the audited FY14 financial statements.

These segments comprise of the following operations:

- ANZ (comprising Australia and New Zealand);
- Americas (comprising the United States, Canada and South America);
- Asia (comprising China, Hong Kong, Japan, India, Singapore and other Asian operations); and
- EMEA (comprising the United Kingdom, Europe, the Middle East and Africa).

Aconex currently operates in one business activity, being the development, sale and support of web-based and mobile collaboration, information and process management tools for capital projects.

Each operating segment engages in this business activity to earn revenue and incur expenses. Four separate operating segments exist as identified above based on geographical location (all of these segments offer the same products and services).

In addition, Aconex has a head office function which holds the costs not directly attributable to individual regions.

The Chief Executive Officer (CEO) has been determined as the chief operating decision maker of the business. The CEO regularly reviews the financial information for the operating segments and uses this information to assess the performance of these operating segments and allocate resources where appropriate. The segment managers have been determined as the global executive team.

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Discrete financial information is available for each of the operating segments, allowing the contribution of each segment to be accurately calculated.

4.2.2 Preparation of Historical Financial Information

The Historical Financial Information is presented on both a statutory and pro forma basis.

The Statutory Historical Financial Information for FY12, FY13 and FY14 for the Company has been derived from the FY12, FY13 and FY14 audited general purpose financial reports of Aconex. The Statutory Historical Financial Information for 1H FY14 has been derived from the reviewed interim financial report of Aconex. The financial statements of Aconex Limited for FY12, FY13 and FY14 were audited by Ernst & Young, which has issued unmodified opinions. The interim financial report of Aconex for 1H FY14 was reviewed by Ernst & Young, which has issued a limited assurance conclusion on it.

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Financial Information for FY12, FY13, FY14 and 1H FY14 has been derived from Statutory Historical Financial Information. Pro forma adjustments have been made to the Historical Financial information to reflect Aconex's structure following Completion of the Offer such as the inclusion of estimated costs associated with being a public company. In addition, the interest and financing costs of the Company arising from the Class A Preference Shares, which are entirely held by Francisco Partners, have been excluded as these preference shares will be converted into ordinary equity prior to the Completion of the Offer.

Investors should note that past results are not a guarantee of future performance.

4.2.3 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus. The Directors believe the Forecast Financial Information has been prepared with due care and attention, and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus.

The Statutory Forecast Financial Information has been prepared on the basis of how Aconex expects to report the results of the business under AAS. The Statutory Forecast Financial Information represents the best estimate of the financial performance that the Directors expect to report in Aconex's financial statements.

The Pro Forma Forecast Income Statements, which are set out in Section 4.3.1, differ from the statutory forecast consolidated income statements, as the Pro Forma Forecast Income Statements reflect the forecast full-year effect of the operating and capital structure that will be in place upon Completion of the Offer such as the inclusion of estimated costs associated with being a public company, but exclude the one-off costs of the Offer and one-off costs associated with the conversion of the Class A Preference Shares.

See Section 4.3.3 for reconciliations between the statutory and pro forma forecast income statements.

4.2.4 Explanation of certain non-International Financial Reporting Standards (IFRS) financial measures

Investors should be aware that certain financial data included in this Section 4 is 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Company believes that this non-IFRS financial information provides useful information to readers in measuring the financial performance and condition of Aconex. As non-IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which Aconex calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial information and ratios.

In particular, the following non-IFRS financial data is included:

- EBITDA, which is earnings before net interest and financing costs, tax, depreciation and amortisation expenses;
- EBIT, which is earnings before net interest and financing costs and tax;
- Segment Direct Operating Costs, which is costs directly associated with the normal operations of the geographic business segment and include regional services delivery, regional sales and marketing and regional general and administrative expenditure. Segment Direct Operating Costs exclude head office Cost of Revenues, Engineering and Product Development, head office General and Administrative and head office based Sales and Marketing costs not directly attributable to individual geographic segments;
- Segment Operating Contribution, which is earnings after Segment Direct Operating Costs and before head office unallocated costs, depreciation, amortisation, net interest and financing costs and tax;
- EBITDA margin, which is EBITDA as a percentage of total revenue in the corresponding financial period;
- EBIT margin, which is EBIT as a percentage of total revenue in the corresponding financial period; and
- Net Working Capital, which is the sum of trade and other receivables and other current assets, less the sum of trade and other payables, provisions and deferred income.

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4.3 Historical and forecast consolidated income statements

4.3.1 Pro forma historical and pro forma forecast consolidated income statements

Table 2 sets out a summary of Aconex's pro forma historical and pro forma forecast consolidated income statements for FY12, FY13, FY14, FY15, CY14 and CY15:

$ millions		Pro Forma Historical			Pro Forma Forecast		
	Notes	FY12	FY13	FY14	FY15	CY14	CY15
Revenue		44.3	52.3	66.2	76.5	70.7	84.8
Cost of Revenue		(14.6)	(15.9)	(17.3)	(20.0)	(18.9)	(20.9)
Gross Profit		**29.7**	**36.4**	**49.0**	**56.5**	**51.8**	**64.0**
Operating Costs							
Engineering and Product Development	1	(8.7)	(14.1)	(11.2)	(10.4)	(10.7)	(11.9)
Sales and Marketing		(19.1)	(25.8)	(30.2)	(31.5)	(31.4)	(32.7)
General and Administrative	2	(12.0)	(13.1)	(16.5)	(17.3)	(18.2)	(16.1)
EBIT		**(9.9)**	**(16.7)**	**(8.9)**	**(2.7)**	**(8.4)**	**3.3**
Net Interest and Financing Costs	3	0.4	0.1	(0.1)	0.5	0.2	0.5
Profit before Tax		**(9.6)**	**(16.6)**	**(9.0)**	**(2.2)**	**(8.2)**	**3.7**
Tax	4	(0.1)	(0.6)	(0.9)	(1.0)	(1.0)	(1.1)
NPAT		**(9.7)**	**(17.2)**	**(9.9)**	**(3.2)**	**(9.2)**	**2.6**

Table 3 sets out the reconciliation of EBIT to EBITDA:

EBIT	**(9.9)**	**(16.7)**	**(8.9)**	**(2.7)**	**(8.4)**	**3.3**
Depreciation and Amortisation	5.7	6.8	4.8	4.0	3.8	4.7
EBITDA	**(4.2)**	**(9.8)**	**(4.1)**	**1.2**	**(4.7)**	**8.0**

Notes:

1. The Engineering and Product Development expense includes both expenses for the year as well as amortisation of capitalised Engineering and Product Development from prior years. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project and eligibility for capitalisation under AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
2. Public company costs have been included in the pro forma income statements as though Aconex were a public company in each of the reporting periods. Further details on the pro forma adjustments are provided in Section 4.3.3.
3. Net interest in the pro forma income statements assumes that all cash raised in the Offer as a primary raising, net of transaction costs and Class A Preference Share conversion costs, will earn interest as though it was held in a cash account in the Forecast Period only. Further details on the pro forma adjustments are provided in Section 4.3.3. Further details on Aconex's intended uses of the cash raised in the Offer as a primary raising is outlined in Section 4.4.1.
4. Tax expense is largely offset by tax losses incurred in prior periods and research and development tax concession claims. As at 30 June 2014, total unrecognised deferred tax assets in respect of carry forward tax losses of the Company were $15.2m and research and development tax concession offsets for the Company were $10.5m.

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Table 4 sets out a summary of Aconex's pro forma historical and pro forma forecast consolidated income statements for 1H FY14, 1H FY15 and 1H FY16:

31 December half year end; $ millions		Pro Forma Historical	Pro Forma Forecast	
	Notes	1H FY14	1H FY15	1H FY16
Revenue		32.1	36.6	44.9
Cost of Revenue		(8.4)	(10.0)	(10.8)
Gross Profit		**23.7**	**26.6**	**34.1**
Operating Costs				
Engineering and Product Development	1	(5.2)	(4.6)	(6.2)
Sales and Marketing		(14.5)	(15.7)	(16.8)
General and Administrative	2	(7.5)	(9.2)	(8.1)
EBIT		**(3.4)**	**(2.9)**	**3.1**
Net Interest and Financing Costs	3	0.0	0.2	0.2
Profit before Tax		**(3.4)**	**(2.7)**	**3.3**
Tax	4	(0.4)	(0.5)	(0.7)
NPAT		**(3.8)**	**(3.2)**	**2.6**

Table 5 sets out the reconciliation of EBIT to EBITDA:

EBIT		**(3.4)**	**(2.9)**	**3.1**
Depreciation and Amortisation		2.7	1.6	2.4
EBITDA		**(0.8)**	**(1.4)**	**5.4**

Notes:

1. The Engineering and Product Development expense includes both expenses for the period as well as amortisation of capitalised Engineering and Product Development from prior periods. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project and eligibility for capitalisation under AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
2. Public company costs have been included in the pro forma income statements as though Aconex were a public company in each of the reporting periods. Further details on the pro forma adjustments are provided in Section 4.3.3.
3. Net interest in the pro forma income statements assumes that all cash raised in the Offer as a primary raising, net of transaction costs and Class A Preference Share conversion costs, will earn interest as though it was held in a cash account in the Forecast Period only. Further details on the pro forma adjustments are provided in Section 4.3.3. Further details on Aconex's intended uses of the cash raised in the Offer as a primary raising is outlined in Section 4.4.1.
4. Tax expense is largely offset by tax losses incurred in prior periods and research and development tax concession claims. As at 30 June 2014, total unrecognised deferred tax assets in respect of carry forward tax losses of the Company were $15.2m and research and development tax concession offsets for the Company were $10.5m.

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4.3.2 Statutory historical and statutory forecast consolidated income statements

Table 6 sets out a summary of Aconex's statutory historical and statutory forecast consolidated income statements for FY12, FY13, FY14, FY15, CY14 and CY15:

$ millions		Statutory Historical			Statutory Forecast		
	Notes	FY12[6]	FY13[6]	FY14	FY15	CY14	CY15
Revenue		44.3	52.3	66.2	76.5	70.7	84.8
Cost of Revenue		(14.6)	(15.9)	(17.3)	(20.0)	(18.9)	(20.9)
Gross Profit		**29.7**	**36.4**	**49.0**	**56.5**	**51.8**	**64.0**
Operating Costs							
Engineering and Product Development	1	(8.7)	(14.1)	(11.2)	(10.4)	(10.7)	(11.9)
Sales and Marketing		(19.1)	(25.8)	(30.2)	(31.5)	(31.4)	(32.7)
General and Administrative	2	(11.0)	(12.2)	(15.5)	(21.9)	(22.3)	(16.1)
EBIT		**(9.0)**	**(15.7)**	**(7.9)**	**(7.4)**	**(12.5)**	**3.3**
Net Interest and Financing Costs	3,4	(28.7)	(7.4)	(18.7)	22.1	11.1	0.5
Profit before Tax		**(37.7)**	**(23.1)**	**(26.6)**	**14.7**	**(1.4)**	**3.7**
Tax	5	(0.1)	(0.6)	(0.9)	(1.0)	(1.0)	(1.1)
NPAT		**(37.8)**	**(23.7)**	**(27.5)**	**13.8**	**(2.4)**	**2.6**

Table 7 sets out the reconciliation of EBIT to EBITDA:

EBIT	**(9.0)**	**(15.7)**	**(7.9)**	**(7.4)**	**(12.5)**	**3.3**
Depreciation and Amortisation	5.7	6.8	4.8	4.0	3.8	4.7
EBITDA	**(3.3)**	**(8.8)**	**(3.1)**	**(3.4)**	**(8.8)**	**8.0**

Notes:

1. The Engineering and Product Development expense includes both expenses for the year as well as amortisation of capitalised Engineering and Product Development from prior years. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project and eligibility for capitalisation under AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
2. The expensed portion of one-off costs associated with the Offer of $5.0m have been included in the FY15 and CY14 accounts.
3. For the Class A Preference Shares, which are entirely held by Francisco Partners, interest and financing costs have been recorded in respect to the valuation increments to the preference shares which are recognised as a liability. The accounting policy is set out in Section 11 and is also described in Note 2 to the audited 30 June 2014 financial statements. These preference shares will be converted into ordinary Shares on the business day immediately prior to the Completion of the Offer (pursuant to Conversion). The Class A Preference Shares will be revalued at the date of conversion based on the value of the ordinary shares received and will result in a gain of $49.1m which has been included in the FY15 and CY14 accounts. The one-off cost of converting the Class A Preference Shares to ordinary shares as part of the Offer of $27.3m has been included in the FY15 and CY14 accounts. The conversion cost includes a cash incentive payment payable to Francisco Partners upon conversion of the preference shares to ordinary shares, which corresponds with the capital restructuring related to the Offer. See Section 9.7 for further details in relation to the Class A Preference Shares conversion.
4. Net interest in the statutory income statements assumes that all cash raised in the Offer as a primary raising, net of transaction costs and Class A Preference Share conversion costs, will earn interest as though it was held in a cash account in the Forecast Period only from 1 July 2014.
5. Tax expense is largely offset by tax losses incurred in prior periods and research and development tax concession claims. As at 30 June 2014, total unrecognised deferred tax assets in respect of carry forward tax losses of the Company were $15.2m and research and development tax concession offsets for the Company were $10.5m.

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6. There was a change in the presentation of certain items of expenses subsequent to the completion of the FY12 and FY13 audited general purpose financial statements of Aconex Limited. This change in presentation has been applied consistently throughout the Historical Period presented in this Prospectus.

Table 8 sets out a summary of Aconex's statutory historical and statutory forecast consolidated income statements for 1H FY14, 1H FY15 and 1H FY16:

31 December half year end; $ millions		Statutory Historical	Statutory Forecast	
	Notes	1H FY14	1H FY15	1H FY16
Revenue		32.1	36.6	44.9
Cost of Revenue		(8.4)	(10.0)	(10.8)
Gross Profit		**23.7**	**26.6**	**34.1**
Operating Costs				
Engineering and Product Development	1	(5.2)	(4.6)	(6.2)
Sales and Marketing		(14.5)	(15.7)	(16.8)
General and Administrative	2	(7.1)	(13.9)	(8.1)
EBIT		**(3.0)**	**(7.6)**	**3.1**
Net Interest and Financing Costs	3,4	(7.8)	21.9	0.2
Profit before Tax		**(10.9)**	**14.3**	**3.3**
Tax	5	(0.4)	(0.5)	(0.7)
NPAT		**(11.3)**	**13.8**	**2.6**

Table 9 sets out the reconciliation of EBIT to EBITDA:

EBIT	**(3.0)**	**(7.6)**	**3.1**
Depreciation and Amortisation	2.7	1.6	2.4
EBITDA	**(0.4)**	**(6.0)**	**5.4**

Notes:

1. The Engineering and Product Development expense includes both expenses for the period as well as amortisation of capitalised Engineering and Product Development from prior periods. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project and eligibility for capitalisation under AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
2. The expensed portion of one-off costs associated with the Offer of $5.0m have been included in the FY15 and CY14 accounts.
3. For the Class A Preference Shares, which are entirely held by Francisco Partners, interest and financing costs have been recorded in respect to the valuation increments to the preference shares which are recognised as a liability The accounting policy is set out in Section 11 and is also described in Note 2 to the audited 30 June 2014 financial statements. These preference shares will be converted into ordinary Shares on the business day immediately prior to the Completion of the Offer (pursuant to Conversion). The Class A Preference Shares will be revalued at the date of conversion based on the value of the ordinary shares received and will result in a gain of $49.1m which has been included in the FY15 and CY14 accounts. The one-off cost of converting the Class A Preference Shares to ordinary shares as part of the Offer of $27.3m has been included in the FY15 and CY14 accounts. The conversion cost includes a cash incentive payment payable to Francisco Partners upon conversion of the preference shares to ordinary shares, which corresponds with the capital restructuring related to the Offer. See Section 9.7 for further details in relation to the Class A Preference Shares conversion.
4. Net interest in the statutory income statements assumes that all cash raised in the Offer as a primary raising, net of transaction costs and Class A Preference Share conversion costs, will earn interest as though it was held in a cash account in the Forecast Period only from 1 July 2014.

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5. Tax expense is largely offset by tax losses incurred in prior periods and research and development tax concession claims. As at 30 June 2014, total carry forward tax losses of the Company were $15.2m and research and development tax concession offsets for the Company were $10.5m.

4.3.3 Pro forma adjustments to the statutory consolidated income statements

Table 10 sets out the adjustments that have been made to the statutory historical consolidated income statements for FY12, FY13 and FY14 and the statutory forecast consolidated income statements for FY15, CY14 and CY15 reconciling to both EBITDA and NPAT:

$ millions		Historical			Forecast		
	Notes	FY12	FY13	FY14	FY15	CY14	CY15
Statutory EBITDA		**(3.3)**	**(8.8)**	**(3.1)**	**(3.4)**	**(8.8)**	**8.0**
Offer costs	1	–	–	–	5.0	5.0	–
Public company costs	2	(1.0)	(1.0)	(1.0)	(0.3)	(0.9)	–
Pro forma EBITDA		**(4.2)**	**(9.8)**	**(4.1)**	**1.2**	**(4.7)**	**8.0**
Statutory NPAT		**(37.8)**	**(23.7)**	**(27.5)**	**13.8**	**(2.4)**	**2.6**
Offer costs	1	–	–	–	5.0	5.0	–
Public company costs	2	(1.0)	(1.0)	(1.0)	(0.3)	(0.9)	–
Class A Preference Shares interest and financing costs	3	29.1	7.5	18.6	(21.8)	(11.0)	–
Interest on primary raising	4	–	–	–	0.2	0.1	–
Pro forma NPAT		**(9.7)**	**(17.2)**	**(9.9)**	**(3.2)**	**(9.2)**	**2.6**

Notes:

1. Offer costs expensed – total expenses of the Offer are estimated at $7.3m, of which $5.0m is expensed in the Statutory Forecast Results for FY15 and CY14 relating to the sell down by Existing Shareholders. The remaining $2.3m is directly attributable to the issue of Shares under the Offer and hence will be offset against equity raised at Completion of the Offer.
2. Management has estimated additional annual costs of $1.0m will be incurred in operating Aconex as a publicly listed company. In the Forecast Financial Information, the Statutory Forecast Financial Information includes the estimated annual cost of being a publicly listed company from the assumed date of Listing so the adjustment to the Pro Forma Forecast Financial Information represents the incremental costs of being listed from 1 July 2014.
3. Interest and financing costs recorded in respect to the valuation increments to the Class A Preference Shares issued to Francisco Partners which are recognised as a liability. The accounting policy is set out in Section 11 and is also described in Note 2 to the audited 30 June 2014 financial statements. These preference shares will be converted into ordinary Shares on the business day immediately prior to the Completion of the Offer (pursuant to Conversion). The Class A Preference Shares will be revalued at the date of conversion based on the value of the ordinary shares received and will result in a gain of $49.1m which has been included in the FY15 and CY14 accounts. The one-off cost of converting the Class A Preference Shares to ordinary shares as part of the Offer of $27.3m has been included in the FY15 and CY14 accounts. The conversion cost includes a cash incentive payment payable to Francisco Partners upon conversion of the preference shares to ordinary shares, which corresponds with the capital restructuring related to the Offer. See Section 9.7 for further details in relation to the Class A Preference Shares conversion.
4. Incremental full year impact of interest income on cash held from the Offer proceeds from 1 July 2014.

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Table 11 sets out the adjustments that have been made to the statutory income statements for 1H FY14, 1H FY15 and 1H FY16:

31 December half year end; $ millions		Statutory Historical	Statutory Forecast	
	Notes	1H FY14	1H FY15	1H FY16
Statutory EBITDA		**(0.4)**	**(6.0)**	**5.4**
Offer costs	1	–	5.0	–
Public company costs	2	(0.4)	(0.3)	–
Pro forma EBITDA		**(0.8)**	**(1.4)**	**5.4**
Statutory NPAT		**(11.3)**	**13.8**	**2.6**
Offer costs	1	–	5.0	–
Public company costs	2	(0.4)	(0.3)	–
Class A Preference Shares interest and financing costs	3	7.8	(21.8)	–
Interest on primary raising	4	–	0.1	–
Pro forma NPAT		**(3.8)**	**(3.2)**	**2.6**

Notes:

1. Offer costs expensed – total expenses of the Offer are estimated at $7.3m, of which $5.0m is expensed in the Statutory Forecast Results for FY15 and CY14 relating to the sell down by Existing Shareholders. The remaining $2.3m is directly attributable to the issue of Shares under the Offer and hence will be offset against equity raised at Completion of the Offer.
2. Management has estimated additional annual costs of $1.0m will be incurred in operating Aconex as a publicly listed company. In the Forecast Financial Information, the Statutory Forecast includes the estimated annual cost of being a publicly listed company from the assumed date of Listing so the adjustment to the Pro Forma Forecast Financial Information represents the incremental costs of being listed from 1 July 2014.
3. Interest and financing costs recorded in respect to the valuation increments to the Class A Preference Shares issued to Francisco Partners which are recognised as a liability. The accounting policy is set out in Section 11 and is also described in Note 2 to the audited 30 June 2014 financial statements. These preference shares will be converted into ordinary Shares on the business day immediately prior to the Completion of the Offer (pursuant to Conversion). The Class A Preference Shares will be revalued at the date of conversion based on the value of the ordinary shares received and will result in a gain of $49.1m which has been included in the FY15 and CY14 accounts. The one-off cost of converting the Class A Preference Shares to ordinary shares as part of the Offer of $27.3m has been included in the FY15 and CY14 accounts. The conversion cost includes a cash incentive payment payable to Francisco Partners upon conversion of the preference shares to ordinary shares, which corresponds with the capital restructuring related to the Offer. See Section 9.7 for further details in relation to the Class A Preference Shares conversion.
4. Incremental full year impact of interest income on cash held from Offer proceeds from 1 July 2014.

4.3.4 Pro forma segment reporting

An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenue and incur expenses; (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available. The Company's primary format for segment reporting is based on geographical segments.

The Company geographical segment analysis reports the revenue of the region in which the sale was initiated and/or completed. Geographical segment contribution for each operating segment is measured by reference to the costs directly incurred by those regions in deriving the revenues earned.

It is possible for revenues associated with a project undertaken in one region to be attributed to another region where the sales effort and lead project manager is based. As an example, a project signed in Italy (EMEA) by the lead contract manager for a project to be undertaken in Argentina (Americas) would be reported as revenue in the EMEA segment.

Management reviews segment performance without allocating any head office and corporate-based costs.

Refer to Section 4.6 for management discussion and analysis of the Pro Forma Historical Income Statements and Section 4.7 for

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the assumptions and comparisons for the Pro Forma Forecast Income Statements.

Table 12 sets out Aconex pro forma revenue, direct operating costs and operating contribution by geographic segment for FY12, FY13, FY14, FY15, CY14 and CY15:

$ millions		Pro Forma Historical			Pro Forma Forecast		
	Notes	FY12	FY13	FY14	FY15	CY14	CY15
Revenue							
ANZ		22.5	26.7	31.5	34.5	33.3	37.1
Americas		5.4	7.9	10.7	13.1	11.8	14.9
Asia		5.2	6.1	7.6	9.5	8.6	11.1
EMEA		11.2	11.6	16.5	19.4	17.1	21.8
Total Revenue		**44.3**	**52.3**	**66.2**	**76.5**	**70.7**	**84.8**
Segment Direct Operating Costs							
ANZ		(8.3)	(10.5)	(11.0)	(11.6)	(11.2)	(12.2)
Americas		(6.9)	(9.8)	(12.1)	(12.9)	(12.5)	(13.3)
Asia		(5.1)	(5.8)	(6.7)	(8.3)	(7.3)	(8.6)
EMEA		(7.5)	(9.5)	(11.4)	(11.4)	(11.7)	(12.2)
Total Segment Direct Operating Costs		**(27.8)**	**(35.6)**	**(41.2)**	**(44.2)**	**(42.7)**	**(46.3)**
Segment Operating Contribution							
ANZ		14.2	16.1	20.5	22.9	22.1	24.9
Americas		(1.5)	(1.9)	(1.5)	0.2	(0.7)	1.7
Asia		0.1	0.3	0.9	1.2	1.3	2.5
EMEA		3.7	2.0	5.1	8.0	5.4	9.6
Total Segment Operating Contribution		**16.5**	**16.6**	**25.0**	**32.3**	**28.0**	**38.5**
Head office unallocated costs							
Cost of Revenue	1	(3.9)	(4.6)	(4.8)	(5.3)	(5.1)	(4.8)
Engineering and Product Development	2	(4.5)	(8.9)	(7.9)	(8.1)	(8.4)	(8.9)
Sales and Marketing		(1.9)	(3.9)	(5.3)	(5.5)	(6.0)	(5.8)
General and Administrative	3	(10.4)	(9.1)	(11.1)	(12.2)	(13.2)	(11.1)
EBITDA		**(4.2)**	**(9.8)**	**(4.1)**	**1.2**	**(4.7)**	**8.0**
Head office unallocated costs							
Depreciation and Amortisation		(5.7)	(6.8)	(4.8)	(4.0)	(3.8)	(4.7)
EBIT		**(9.9)**	**(16.7)**	**(8.9)**	**(2.7)**	**(8.4)**	**3.3**

Notes:

1. Cost of Revenues within head office unallocated costs relate to centralised helpdesk and client operations that are not specifically allocated to regional segments.
2. Excludes the depreciation and amortisation component of Engineering and Product Development expensed in the period. See Section 4.3.6 for further details.
3. Public company costs have been included in the pro forma income statements as though Aconex were a public company in each of the reporting periods. Further details on the pro forma adjustments are provided in Section 4.3.3.

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Table 13 sets out Aconex pro forma revenue, direct operating costs and operating contribution by geographic segment for 1H FY14, 1H FY15 and 1H FY16:

31 December half year end; $ millions		Pro Forma Historical	Pro Forma Forecast	
	Notes	1H FY14	1H FY15	1H FY16
Revenue				
ANZ		15.1	16.9	19.4
Americas		5.2	6.3	8.1
Asia		3.5	4.4	6.0
EMEA		8.4	8.9	11.4
Total Revenue		**32.1**	**36.6**	**44.9**
Segment Direct Operating Costs				
ANZ		(5.5)	(5.7)	(6.3)
Americas		(6.1)	(6.4)	(6.8)
Asia		(3.5)	(4.1)	(4.4)
EMEA		(5.4)	(5.7)	(6.5)
Total Segment Direct Operating Costs		**(20.4)**	**(21.9)**	**(24.0)**
Segment Operating Contribution				
ANZ		9.6	11.2	13.0
Americas		(0.9)	(0.2)	1.4
Asia		(0.0)	0.3	1.6
EMEA		3.0	3.3	4.9
Total Segment Operating Contribution		**11.6**	**14.6**	**20.9**
Head office unallocated costs				
Cost of Revenues	1	(2.4)	(2.7)	(2.3)
Engineering and Product Development	2	(3.3)	(3.8)	(4.6)
Sales and Marketing		(2.1)	(2.8)	(3.1)
General and Administrative	3	(4.6)	(6.7)	(5.5)
EBITDA		**(0.8)**	**(1.4)**	**5.4**
Head office unallocated costs				
Depreciation and Amortisation		(2.7)	(1.6)	(2.4)
EBIT		**(3.4)**	**(2.9)**	**3.1**

Notes:

1. Cost of Revenues within head office unallocated costs relate to centralised helpdesk and client operations that are not be specifically allocated to regional segments.
2. Excludes the depreciation and amortisation component of Engineering and Product Development expensed in the period. See Section 4.3.6 for further details.
3. Public company costs have been included in the pro forma income statements as though Aconex were a public company in each of the reporting periods. Further details on the pro forma adjustments are provided in Section 4.3.3.

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4.3.5 Key operating metrics

Set out below is a summary of certain key operating metrics for the Historical Period and Forecast Period:

Table 14 sets out Aconex pro forma operating metrics for FY12, FY13, FY14, FY15, CY14 and CY15:

		Pro Forma Historical			Pro Forma Forecast		
	Notes	FY12	FY13	FY14	FY15	CY14	CY15
ANZ revenue growth			19%	18%	10%		11%
International revenue growth	1		17%	36%	21%		27%
Total revenue growth			18%	27%	16%		20%
Gross profit growth			23%	35%	15%		24%
Gross profit margin		67%	70%	74%	74%	73%	75%
EBITDA growth			nmf	nmf	nmf		nmf
EBITDA margin		(10%)	(19%)	(6%)	2%	(7%)	9%
EBIT growth			nmf	nmf	nmf		nmf
EBIT margin		(22%)	(32%)	(13%)	(4%)	(12%)	4%
Percentage of revenue from existing revenue trail	2	77%	77%	76%	75%	79%	76%
Total Engineering and Product Development expenditure as a % of revenue	3	23%	18%	16%	15%	17%	14%
ANZ regional headcount	4	53	51	53	56	55	56
Asia regional headcount	4	43	48	44	54	53	55
Americas regional headcount	4	35	47	48	53	53	54
EMEA regional headcount	4	51	51	53	58	58	59
Head office headcount	4	157	167	204	211	210	211
Total headcount	4	339	364	402	432	429	435

Notes:

1. International refers to the regions of Americas, Asia and EMEA (as defined in Section 4.2.1).
2. For FY12, FY13, FY14, FY15 and CY14, the percentage is calculated relative to the existing revenue trail as at the start of the 12 month period. For CY15, the percentage is calculated based on the forward looking estimated existing revenue trail for the following 12 months as at 31 December 2014. If the percentage for CY15 was calculated relative to the actual existing revenue trail for that corresponding 12 month period as at 30 June 2014, this would be 56%.
3. Total Engineering and Product Development expenditure is inclusive of both expensed and capitalised Engineering and Product Development expenditure for that period, but not including the amortisation expense arising from capitalised Engineering and Product Development.
4. Represents headcount at the end of each period. Regional headcount includes all Sales and Marketing, client operations, helpdesk and administration staff directly attributable to the region. Head office headcount includes staff in corporate or shared service functions not directly associated with a region.

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Table 15 sets out Aconex pro forma operating metrics for 1H FY14, 1H FY15 and 1H FY16:

31 December half year end		Pro Forma Historical	Pro Forma Forecast	
	Notes	1H FY14	1H FY15	1H FY16
ANZ revenue growth			12%	15%
International revenue growth	1		15%	30%
Total revenue growth			14%	23%
Gross profit growth			12%	28%
Gross profit margin		74%	73%	76%
EBITDA growth			nmf	nmf
EBITDA margin		(2%)	(4%)	12%
EBIT growth			nmf	nmf
EBIT margin		(11%)	(8%)	7%
Percentage of revenue from existing revenue trail	2	84%	87%	87%
Total Engineering and Product Development expenditure as a % of revenue	3	14%	16%	14%
ANZ regional headcount	4	49	55	56
Asia regional headcount	4	47	53	55
Americas regional headcount	4	46	53	54
EMEA regional headcount	4	51	58	59
Head office headcount	4	182	210	211
Total headcount	4	375	429	435

Notes:

1. International refers to the regions of Americas, Asia and EMEA (as defined in Section 4.2.1).
2. For 1H FY14 and 1H FY15, the percentage is calculated relative to the existing revenue trail as at the start of the six month period. For 1H FY16, the percentage is calculated based on the forward looking estimated existing revenue trail for the following six months as at 31 December 2014. If the percentage for CY15 was calculated relative to the actual existing revenue trail for that corresponding six month period as at 30 June 2014, this would be 49%.
3. Total Engineering and Product Development expenditure is inclusive of both expensed and capitalised Engineering and Product Development expenditure for that period, but not including the amortisation expense arising from capitalised Engineering and Product Development.
4. Represents headcount at the end of each period. Regional headcount includes all Sales and Marketing, client operations, helpdesk and administration staff directly attributable to the region. Head office headcount includes staff in corporate or shared service functions not directly associated with a region.

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4.3.6 Engineering and Product Development Expenditure

The following table sets out the total the Engineering and Product Development expenditure for each relevant period:

Table 16 sets out the Engineering and Product Development expenditure for FY12, FY13, FY14, FY15, CY14 and CY15:

$ millions		Historical				Forecast	
	Notes	FY12	FY13	FY14	FY15	CY14	CY15
Total Engineering and Product Development expense (pro forma income statement)		**8.7**	**14.1**	**11.2**	**10.4**	**10.7**	**11.9**
Amortisation expense – capitalised development cost	1	(4.1)	(4.8)	(3.3)	(2.3)	(2.3)	(3.0)
Depreciation and amortisation expense – other	2	(0.1)	(0.4)	(0.0)	(0.0)	(0.0)	(0.0)
Engineering and Product Development expense (excluding depreciation and amortisation)		**4.5**	**8.9**	**7.9**	**8.1**	**8.4**	**8.9**
Capitalised Engineering and Product Development costs (statutory and pro forma cash flows)	3	5.3	0.6	2.7	3.7	3.8	3.3
Other capital expenditure (statutory and pro forma cash flows)		0.5	0.1	0.0	0.1	0.1	0.1
Total Engineering and Product Development expenditure		**10.3**	**9.6**	**10.6**	**11.9**	**12.4**	**12.3**
Capitalised percentage of Total Engineering and Product Development expenditure		51%	6%	25%	31%	31%	27%

Notes:

1. Engineering and Product Development capitalised costs are amortised over three years in accordance with Company policy.
2. Depreciation relates to technology hardware, technology software, fixtures and fittings and leasehold improvements directly attributable to the Engineering and Product Development team. These policies are outlined in Section 4.6.1.4.
3. Engineering and Product Development labour is capitalised in accordance with the Company's development costs capitalisation policies. These policies are outlined in Section 4.6.1.5. The reduction in FY13 capitalised Engineering and Product Development reflects the nature of the projects in that year, which did not meet the criteria for capitalisation.

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Table 17 sets out the Engineering and Product Development expenditure for 1H FY14, 1H FY15 and 1H FY16:

31 December half year end; $ millions		Historical	Forecast	
	Notes	1H FY14	1H FY15	1H FY16
Total Engineering and Product Development expense (pro forma income statement)		**5.2**	**4.6**	**6.2**
Amortisation expense – capitalised development cost	1	(1.9)	(0.8)	(1.4)
Depreciation and amortisation expense – other	2	0.0	0.0	0.0
Engineering and Product Development expense (excluding depreciation and amortisation)		**3.3**	**3.8**	**4.6**
Capitalised Engineering and Product Development costs (statutory and pro forma cash flows)	3	1.0	2.0	1.6
Other capital expenditure (statutory and pro forma cash flows)		0.0	0.1	0.1
Total Engineering and Product Development expenditure		**4.3**	**5.9**	**6.3**
Capitalised percentage of Total Engineering and Product Development expenditure		23%	34%	26%

Notes:

1. Engineering and Product Development capitalised costs are amortised over three years in accordance with Company policy.
2. Depreciation relates to technology hardware, technology software, fixtures and fittings and leasehold improvements directly attributable to the Engineering and Product Development team. These policies are outlined in Section 4.6.1.4.
3. Engineering and Product Development labour is capitalised in accordance with the Company's development costs capitalisation policies. These policies are outlined in Section 4.6.1.5.

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4.4 Historical balance sheet

4.4.1 Overview

The pro forma adjustments made to the statutory consolidated balance sheet of Aconex Limited as at 30 June 2014 reflect the events and assumptions noted in the table below that will be in place immediately following Completion of the Offer as if they occurred or were in place as at 30 June 2014.

The Company will issue new equity of $50m as part of the Offer which combined with existing available cash, $0.7m proceeds from the exercise of options, and after certain Offer-related outgoings, will be used to continue investing in the Company's product offering as outlined below. The Offer-related outgoings include:

- Class A Preference Share[54] conversion costs of $27.3m representing a payment of US$23.5m converted at an exchange rate of 0.8623 (see Section 9.7);
- repayment of the SVB Loan of $1.1m (see Section 4.4.2); and
- Offer cash transaction costs of $7.3m (assuming an Offer size of $140 million).

Aconex is expected to have a pro forma cash balance as at 30 June 2014 of $25.9m following the Offer. The Company intends to use this cash for the following purposes:

- maintain a suitable level of working capital in the business to actively pursue its growth strategies;
- support more cost effective treasury management for the business as the contributions from international regions increases; and
- maintain flexibility to acquire discrete technology solutions and products that could complement the Aconex platform and product suite.

The statutory historical consolidated balance sheet as at 30 June 2014 shows that the Company had a net liability position. This reflects the presentation of its Class A Preference Share funding under AAS as well as the Company's historical operating losses. The Company typically invoices and receives cash in advance of the delivery of services such that a deferred revenue liability is recorded and has allowed the Company to fund its operations. In considering the statutory consolidated balance sheet the Company notes:

- deferred revenue balances do not represent cash liabilities. Deferred revenue reflects the unrecognised portion of revenue invoiced and/or payments received that Aconex charges and/or receives in advance of revenue recognition policy criteria; and
- the Class A Preference Shares exhibit a number of characteristics of equity; however, AAS require them to be classified as debt instruments. The preference share terms are outlined in the audited financial statements. The Company will convert the preference shares to ordinary Shares on the business day immediately prior to the Completion of the Offer (pursuant to Conversion) and consequently the liability is presented as a current liability. The preference shares are not due for mandatory redemption until October 2016.

Following Completion of the Offer, whilst the pro forma consolidated balance sheet will continue to show a net liability position per Table 18, the Company will have increased its cash balance by approximately $15.0 million and will continue to invoice customers in advance of service. As described in Section 4.4.5, the Company expects it will have sufficient cash resources and cash flow from operations to meet operational requirements and business needs during the Forecast Period to 31 December 2015. The Financial Information has been prepared on a going concern basis.

54 Class A Preference Shares are held entirely by Francisco Partners.

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Table 18 sets out the adjustments that have been made to the statutory balance sheet as at 30 June 2014:

As at 30 June 2014; $ millions	Notes	Statutory Historical	Class A Preference Shares conversion	Impact of the Offer	Repayment of SVB Loan	Pro Forma Historical
Assets						
Current						
Cash and cash equivalents	1	10.9	(27.3)	43.4	(1.1)	25.9
Trade and other receivables		15.3				15.3
Other current assets		2.9				2.9
Income tax receivable		0.3				0.3
Total current assets		**29.4**	**(27.3)**	**43.4**	**(1.1)**	**44.5**
Non-current assets						
Plant and equipment		2.8				2.8
Intangible assets	2	4.5				4.5
Restricted cash	3	1.3				1.3
Deferred tax assets		0.6				0.6
Total non-current assets		**9.2**	**–**	**–**	**–**	**9.2**
Total assets		**38.6**	**(27.3)**	**43.4**	**(1.1)**	**53.7**
Liabilities						
Current liabilities						
Trade and other payables		10.4				10.4
Provisions		4.0				4.0
Deferred revenue	4	37.2				37.2
Income tax payable		0.7				0.7
Interest bearing liabilities	5	1.1			(1.1)	–
Contingent consideration		1.1				1.1
Class A Preference Shares	6	111.5	(111.5)			–
Total current liabilities		**166.0**	**(111.5)**	**–**	**(1.1)**	**53.3**
Non-current liabilities						
Trade and other payables		1.2				1.2
Provisions		1.3				1.3
Deferred revenue	4	32.2				32.2
Total non-current liabilities		**34.7**	**–**	**–**	**–**	**34.7**
Total liabilities		**200.6**	**(111.5)**	**–**	**(1.1)**	**88.1**

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As at 30 June 2014; $ millions	Notes	Statutory Historical	Class A Preference Shares conversion	Impact of the Offer	Repayment of SVB Loan	Pro Forma Historical
Net liabilities		**162.0**	**(84.2)**	**(43.4)**	**–**	**34.4**
Equity						
Issued capital	7	8.7		48.4		57.0
Other contributed equity	6	–	62.4			62.4
Reserves		0.9				0.9
Accumulated losses	8	(171.5)	21.8	(5.0)		(154.7)
Total equity		**(162.0)**	**84.2**	**43.4**	**–**	**(34.4)**

Notes:

1. Cash increases by $50.0m due to the primary raising and $0.7m from the exercise of options in connection with the Offer, which is offset by the Class A Preference Share conversion cost ($27.3m), repayment of SVB Loan ($1.1m) and the Offer costs ($7.3m).
2. Intangible assets primarily relate to the capitalised portion of Engineering and Product Development.
3. Restricted cash consists of term deposits with a maturity date in excess of three months. These term deposits are held as security against lease obligations and for customer performance guarantees.
4. Deferred revenue reflects the unrecognised portion of revenue invoiced and/or payments received that Aconex charges and/or receives in advance of meeting revenue recognition policy criteria.
5. Reduction in debt liability of $1.1m due to the repayment of the SVB Loan. See Section 4.4.2 for further details on the SVB Loan.
6. Conversion of Class A Preference Shares as a result of the Offer. See Section 9.7 for further details.
7. Issued capital increases by $48.4m reflecting the net $47.7m proceeds from issue of new Shares of $50.0m, offset by a forecast $2.3m of costs associated with issuing new Shares as part of the Offer, and proceeds of $0.7m from the exercise of Options in connection with the Offer. Costs are to be deducted from equity to the extent they are incremental costs directly attributable to the issuance of new shares. The balance of $5.0m of expected Offer transaction costs have been expensed.
8. Accumulated losses decrease by $16.8m due to the costs associated with conversion of the Class A Preference Shares ($27.3m) revaluation decrements relating to Class A Preference Shares which are recognised as a liability (gain of $49.1m) and the expensed portion of Offer transaction costs ($5.0m).

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4.4.2 Indebtedness

Aconex held a line of credit facility during FY14 with Silicon Valley Bank (**SVB Loan**) with a facility limit of US$6.0 million and subject to asset and working capital criteria. At 30 June 2014 and through 30 September 2014, Aconex had debt under the line of credit of US$1.0 million (equivalent to A$1.1m[55]). On 30 September 2014, the debt was repaid and there was no balance on the line of credit. The 2014 SVB Loan was terminated on 30 September 2014.

Table 19 sets out the indebtedness of Aconex as at 30 June 2014, before and immediately after Completion of the Offer:

As at 30 June 2014; $ millions	Notes	Before Completion of the Offer	After Completion of the Offer
Cash and cash equivalents	1	10.9	25.9
Current borrowings	2	(1.1)	–
Non-current borrowings		–	–
Net cash		9.8	25.9
Net cash / FY15 pro forma EBITDA			**21.6x**
Net cash / CY15 pro forma EBITDA			**3.2x**

Notes:

1. Cash increases by $50.0m due to the primary raise and $0.7m from the exercise of options in connection with the Offer, which is offset by the Class A Preference Share conversion costs ($27.3m), repayment of SVB Loan ($1.1m) and the Offer costs ($7.3m).
2. Reduction in debt liability of $1.1m due to the repayment of the SVB Loan.

4.4.3 Description of banking facilities

Aconex's ongoing banking facilities will be transactional in nature at the time of Completion of the Offer. Available cash will be invested to seek the optimal terms.

4.4.4 Description of foreign exchange management

Aconex has historically not required a formal hedging policy for foreign exchange management. This has largely been driven by a substantial portion of earnings in the business being derived in the ANZ segment as well as a natural hedge existing in international segments from local currency costs relating to local sales staff, operations staff and hosting. The Company has otherwise used foreign exchange hedging instruments on an as-needs basis.

As the international business continues to realise economies of scale, the earnings contribution will increase in foreign currencies. The Company closely monitors its foreign exchange exposure and will consider implementing management strategies if and when needed.

4.4.5 Liquidity and capital resources

Following Completion of the Offer, the Company's principal source of liquidity will consist of cash resources and cash flows from operations. The Company does not require material capital expenditure to support its business and has not spent, or is forecast to spend, more than $2.5m in each of the Historical Period and Forecast Period, excluding capitalised expenditure on Engineering and Product Development. In CY15, Aconex is forecast to have positive net cash flow from operations after capital expenditure.

The Company expects it will have sufficient cash resources and cash flow from operations to meet operational requirements and business needs during the Forecast Period to 31 December 2015.

55 Assumes an exchange rate of 0.9279 US dollars to one Australian dollar.

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4.4.6 Contractual obligations and commitments

Table 20 outlines Aconex's contractual obligations and commitments:

	Payments due by period		
As at 30 June 2014; $ millions	Less than 1 year	1 to 3 year(s)	3 or more years
Operating lease commitments	2.1	3.5	1.0

The operating leases relate mainly to office facilities with lease terms of between seven months and seven years. The leases have varying terms, termination notification periods, cancellation clauses and extension options. Options to cancel vary between one month and seven years.

Rent is payable in advance, with terms varying between monthly, quarterly, bi-annually and annually.

The Company holds funded guarantees provided by various banks in order to satisfy Aconex's obligations under its rental leases and customer service agreements.

The Company has no finance lease or capital commitments at the time of the Offer.

4.4.7 Unrecognised deferred tax assets and concessions

Deferred tax assets have not been recognised on the balance sheet in respect of tax losses and temporary differences where it is not yet considered probable that future taxable profits will be available against which the Group can utilise the tax benefits. In addition, Aconex has research and development tax concession offsets.

Table 21 sets out Aconex's unrecognised deferred tax assets and research and development tax concessions:

As at 30 June 2014; $ millions	
Temporary timing differences	2.4
Tax losses	15.2
Research and development tax concessions	10.5

Unrecognised tax losses are located in a number of different jurisdictions. Realisation of unrecognised tax losses, timing differences and offsets is dependent upon the future production of sufficient taxable profits in the relevant jurisdictions as well as continued compliance with regulatory requirements for availability.

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4.5 Historical and forecast consolidated cash flows

4.5.1 Pro forma historical and pro forma forecast consolidated cash flows

Table 22 sets out the pro forma historical and pro forma forecast consolidated cash flows for FY12, FY13, FY14, FY15, CY14 and CY15:

$ millions		Pro Forma Historical			Pro Forma Forecast		
	Notes	FY12	FY13	FY14	FY15	CY14	CY15
EBITDA		**(4.2)**	**(9.8)**	**(4.1)**	**1.2**	**(4.7)**	**8.0**
Movement in Net Working Capital	1	10.7	5.1	8.3	3.3	5.1	(1.2)
Other non-cash movements	2	0.3	0.6	1.1	1.2	1.4	1.2
Net cash flow from operations (before interest and tax)		**6.8**	**(4.1)**	**5.4**	**5.7**	**1.8**	**8.0**
Capitalised Engineering and Product Development	3	(5.3)	(0.6)	(2.7)	(3.7)	(3.8)	(3.3)
Other capital expenditure		(1.1)	(2.5)	(1.5)	(2.1)	(2.1)	(2.4)
Net cash flow from operations after capital expenditure (before interest and tax)		**0.3**	**(7.2)**	**1.1**	**(0.1)**	**(4.0)**	**2.4**
Income tax paid	4	(0.5)	(0.7)	(0.8)	(0.6)	(0.9)	(0.6)
Net Interest and Financing Costs paid		0.4	0.1	–	0.4	0.1	0.5
Proceeds from borrowings		–	–	–	–	–	–
Gross proceeds from exercise of options	5	0.0	0.4	0.3	2.1	2.4	–
Net cash flow		**0.2**	**(7.5)**	**0.6**	**1.8**	**(2.4)**	**2.2**

Notes:

1. The favourable movement in Net Working Capital noted is due to invoicing profiles of larger existing contracts being billed in advance including an increase in deferred revenue which occurred in FY14 due to a significant four year deal in ANZ being billed upfront. The decrease in CY15 deferred revenue balances is a function of revenue assumptions around deal lengths being shorter; resulting in revenue being recognised over a shorter term. Invoicing in future periods assumes payment profiles are upfront or monthly/quarterly whereas historically there have been instances of large annual in advance and annual payment plans. As a result, there is an unwinding of deferred revenue balances.
2. The increase in other non-cash movements over the Forecast Period relates primarily to the amortisation of share options issued to employees.
3. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project and eligibility for capitalisation under AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
4. Income tax paid includes both company tax on income, withholding tax payments incurred on monies received from subsidiaries where monies cross tax jurisdictions and withholding on certain customer invoices. Tax is in part offset by tax withheld in certain jurisdictions on customer invoices.
5. Proceeds from the exercise of options in FY15 and CY14 comprises $2.1m proceeds received prior to Completion of the offer; including $0.7m received in connection with the offer.

A reconciliation of pro forma net cash flow and statutory net cash flow is set out in Section 4.5.3.

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Table 23 sets out the pro forma historical and pro forma forecast consolidated cash flows for 1H FY14, 1H FY15 and 1H FY16:

31 December half year end; $ millions		Pro Forma Historical	Pro Forma Forecast	
	Notes	1H FY14	1H FY15	1H FY16
EBITDA		**(0.8)**	**(1.4)**	**5.4**
Movement in Net Working Capital	1	4.7	1.5	(3.0)
Other non-cash movements	2	0.3	0.6	0.6
Net cash flow from operations (before interest and tax)		**4.3**	**0.7**	**3.0**
Capitalised Engineering and Product Development	3	(1.0)	(2.0)	(1.6)
Other capital expenditure		(0.5)	(1.1)	(1.2)
Net cash flow from operations after capital expenditure (before interest and tax)		**2.9**	**(2.3)**	**0.2**
Income tax paid	4	(0.2)	(0.3)	(0.3)
Net Interest and Financing Costs paid		–	0.2	0.2
Proceeds from borrowings		–	–	–
Gross proceeds from exercise of options	5	–	2.1	–
Net cash flow		**2.7**	**(0.3)**	**0.2**

Notes:

1. The favourable movement in Net Working Capital noted is due to invoicing profiles of larger existing contracts being billed in advance including an increase in deferred revenue which occurred in FY14 due to a significant four year deal in ANZ being billed upfront. The decrease in 1H FY16 deferred revenue balances is a function of revenue assumptions around deal lengths being shorter; resulting in revenue is being recognised over a shorter term. Invoicing in future periods assumes payment profiles are upfront or monthly/quarterly whereas historically there have been instances of large annual in advance and annual payment plans. As a result, there is an unwinding of deferred revenue balances.
2. The increase in other non-cash movements over the Forecast Period relates primarily to the amortisation of share options issued to employees.
3. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project and eligibility for capitalisation under AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
4. Income tax paid includes both company tax on income, withholding tax payments incurred on monies received from subsidiaries where monies cross tax jurisdictions and withholding on certain customer invoices. Tax is in part offset by tax withheld in certain jurisdictions on customer invoices.
5. Proceeds from the exercise of options in 1H FY15 comprises $2.1m proceeds received prior to Completion of the Offer, including $0.7m received in connection with the offer.

A reconciliation of pro forma net cash flow and statutory net cash flow is set out in Section 4.5.3.

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4.5.2 Statutory historical and statutory forecast consolidated cash flows

Table 24 sets out the statutory historical and statutory forecast consolidated cash flows for FY12, FY13, FY14, FY15, CY14 and CY15:

$ millions		Statutory Historical			Statutory Forecast		
	Notes	FY12	FY13	FY14	FY15	CY14	CY15
EBITDA		**(3.3)**	**(8.8)**	**(3.1)**	**(3.4)**	**(8.8)**	**8.0**
Movement in Net Working Capital	1	10.7	5.1	8.3	3.3	5.1	(1.2)
Other non-cash movements	2	0.3	0.6	1.1	1.2	1.4	1.2
Net cash flow from operations (before interest and tax)		**7.7**	**(3.1)**	**6.3**	**1.1**	**(2.3)**	**8.0**
Capitalised Engineering and Product Development	3	(5.3)	(0.6)	(2.7)	(3.7)	(3.8)	(3.3)
Other capital expenditure		(1.1)	(2.5)	(1.5)	(2.1)	(2.1)	(2.4)
Net cash flow from operations after capital expenditure (before interest and tax)		**1.3**	**(6.3)**	**2.1**	**(4.7)**	**(8.1)**	**2.4**
Income tax paid	4	(0.5)	(0.7)	(0.8)	(0.6)	(0.9)	(0.6)
Net Interest and Financing Costs paid		0.4	0.1	(0.0)	(26.9)	(27.3)	0.4
Proceeds from borrowings	5	–	–	1.1	(1.1)	(1.1)	–
Gross proceeds from issue of new Shares		–	–	–	50.0	50.0	–
Gross proceeds from exercise of options	6	–	0.4	0.3	2.1	2.4	–
Capitalised Offer costs	7	–	–	–	(2.3)	(2.3)	–
Net cash flow		**1.1**	**(6.5)**	**2.6**	**16.4**	**12.7**	**2.2**

Notes:

1. The favourable movement in Net Working Capital noted is due to invoicing profiles of larger existing contracts being billed in advance including an increase in deferred revenue which occurred in FY14 due to a significant four year deal in ANZ being billed upfront. The decrease in CY15 deferred revenue balances is a function of revenue assumptions around deal lengths being shorter; resulting in revenue is being recognised over shorter term. Invoicing in future periods assumes payment profiles are upfront or monthly/quarterly whereas historically there have been instances of large annual in advance and annual payment plans. As a result, there is an unwinding of deferred revenue balances.
2. The increase in other non-cash movements over the Forecast Period relates primarily to the amortisation of share options issued to employees.
3. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project and eligibility for capitalisation under AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
4. Income tax paid includes both company tax on income, withholding tax payments incurred on monies received from subsidiaries where monies cross tax jurisdictions and withholding on certain customer invoices. Tax is in part offset by tax withheld in certain jurisdictions on customer invoices.
5. Reduction in debt liability of $1.1m due to the repayment of the SVB Loan. See Section 4.4.2 for further details on the SVB Loan.
6. Proceeds from the exercise of options in FY15 and CY14 comprises $2.1m proceeds received prior to Completion of the offer; including $0.7m received in connection with the Offer.
7. Relates to costs associated with issuing new Shares as part of the Offer that as a result will be capitalised.

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Table 25 sets out the statutory historical and statutory forecast consolidated cash flows for 1H FY14, 1H FY15 and 1H FY16:

31 December half year end; $ millions		Statutory Historical	Statutory Forecast	
	Notes	1H FY14	1H FY15	1H FY16
EBITDA		**(0.4)**	**(6.0)**	**5.4**
Movement in Net Working Capital	1	4.7	1.5	(3.0)
Other non-cash movements	2	0.3	0.6	0.6
Net cash flow from operations (before interest and tax)		**4.7**	**(3.9)**	**3.0**
Capitalised Engineering and Product Development	3	(1.0)	(2.0)	(1.6)
Other capital expenditure		(0.5)	(1.0)	(1.2)
Net cash flow from operations after capital expenditure (before interest and tax)		**3.3**	**(6.9)**	**0.2**
Income tax paid	4	(0.2)	(0.3)	(0.3)
Net Interest and Financing Costs paid		0.0	(27.2)	0.2
Proceeds from borrowings	5	1.1	(1.1)	–
Gross proceeds from issue of new Shares		–	50.0	–
Gross proceeds from exercise of options	6	–	2.1	–
Capitalised Offer costs	7	–	(2.3)	–
Net cash flow		**4.2**	**14.3**	**0.2**

Notes:

1. The favourable movement in Net Working Capital noted is due to invoicing profiles of larger existing contracts being billed in advance including an increase in deferred revenue which occurred in FY14 due to a significant four year deal in ANZ being billed upfront. The decrease in 1H FY15 and 1H FY15 deferred revenue balances is a function of revenue assumptions around deal lengths being shorter; resulting in revenue is being recognised over a shorter term. Invoicing in future periods assumes payment profiles are upfront or monthly / quarterly whereas historically there have been instances of large annual in advance and annual payment plans. As a result, there is an unwinding of deferred revenue balances.
2. The increase in other non-cash movements over the Forecast Period relates primarily to the amortisation of share options issued to employees.
3. Aconex capitalises certain Engineering and Product Development costs depending on the nature of the project and eligibility for capitalisation under AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
4. Income tax paid includes both company tax on income, withholding tax payments incurred on monies received from subsidiaries where monies cross tax jurisdictions and withholding on certain customer invoices. Tax is in part offset by tax withheld in certain jurisdictions on customer invoices.
5. Reduction in debt liability of $1.1m due to the repayment of the SVB Loan. See Section 4.4.2 for further details on the SVB Loan.
6. Proceeds from the exercise of options in 1H FY15 comprises $2.1m proceeds received prior to Completion of the offer, including $0.7m received in connection with the Offer.
7. Relates to costs associated with issuing new Shares as part of the Offer that as a result will be capitalised.

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4.5.3 Pro forma adjustments to the statutory cash flows

Table 26 sets out the reconciliation of the statutory cash flows to pro forma cash flows for FY12, FY13, FY14, FY15, CY14 and CY15:

$ millions		Historical			Forecast		
	Notes	FY12	FY13	FY14	FY15	CY14	CY15
Statutory cash flow from operations after capital expenditure (before interest and tax)		**1.3**	**(6.3)**	**2.1**	**(4.7)**	**(8.1)**	**2.4**
Offer costs	2	–	–	–	5.0	5.0	–
Public company costs	3	(1.0)	(1.0)	(1.0)	(0.3)	(0.9)	–
Pro forma cash flow from operations after capital expenditure (before interest and tax)		**0.3**	**(7.2)**	**1.1**	**(0.1)**	**(4.0)**	**2.4**

$ millions		Historical			Forecast		
	Notes	FY12	FY13	FY14	FY15	CY14	CY15
Statutory net cash flow		**1.1**	**(6.5)**	**2.6**	**16.4**	**12.7**	**2.2**
Class A Preference Shares conversion costs	1	–	–	–	27.3	27.3	–
Offer costs	2	–	–	–	7.3	7.3	–
Public company costs	3	(1.0)	(1.0)	(1.0)	(0.3)	(0.9)	–
Proceeds from the Offer		–	–	–	(50.0)	(50.0)	–
Repayment of SVB Loan	4	–	–	(1.1)	1.1	1.1	–
Interest on primary raising	5	–	–	–	0.1	0.1	–
Pro forma net cash flow		**0.2**	**(7.5)**	**0.6**	**1.8**	**(2.4)**	**2.2**

Notes:

1. The conversion of Class A Preference Shares, which are entirely held by Francisco Partners, to ordinary shares is deemed a one-off transaction in order to facilitate the Offer in the FY15 and CY14 periods. See Section 9.7 for further details in relation to the Class A Preference Shares conversion.
2. Offer costs expensed – total expenses of the Offer are estimated at $7.3m, of which $5.0m is expensed in the statutory forecast results for FY15 and CY14 relating to the sell down by Existing Shareholders. The remaining $2.3m is directly attributable to the issue of Shares under the Offer and hence will be offset against equity raised on Completion of the Offer. Pro forma adjustments have been made for this event as the Offer is a one-off event.
3. The estimated additional costs associated with operating as a publicly listed company on the ASX. Costs include but are not limited to additional Director expenses, audit and company secretarial costs, investor relations expense and insurance obligations.
4. Reduction in debt liability of $1.1m due to the repayment of the SVB Loan. See Section 4.4.2 for further details on the SVB Loan.
5. Incremental full year impact of interest income on cash held from Offer proceeds from 1 July 2014.

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Table 27 sets out the reconciliation of the statutory cash flows to pro forma cash flows for 1H FY14, 1H FY15 and 1H FY16:

31 December half year end; $ millions		Historical	Forecast	
	Notes	1H FY14	1H FY15	1H FY16
Statutory cash flow from operations after capital expenditure (before interest and tax)		**3.3**	**(6.9)**	**0.2**
Offer costs	2	–	5.0	–
Public company costs	3	(0.4)	(0.3)	–
Pro forma cash flow from operations after capital expenditure (before interest and tax)		**2.9**	**(2.3)**	**0.2**

31 December half year end; $ millions		Historical	Forecast	
	Notes	1H FY14	1H FY15	1H FY16
Statutory cash flow		**4.2**	**14.3**	**0.2**
Class A Preference Shares conversion costs	1	–	27.3	–
Offer costs	2	–	7.3	–
Public company costs	3	(0.4)	(0.3)	–
Proceeds from the Offer		–	(50.0)	–
Repayment of SVB Loan	4	(1.1)	1.1	–
Interest on primary raising	5	–	0.1	–
Pro forma cash flow		**2.7**	**(0.3)**	**0.2**

Notes:

1. The conversion of Class A Preference Shares, which are entirely held by Francisco Partners, to ordinary shares is deemed a one-off transaction in order to facilitate the Offer in the FY15 and CY14 periods. See Section 9.7 for further details in relation to the Class A Preference Shares conversion.
2. Offer costs expensed – total expenses of the Offer are estimated at $7.3m, of which $5.0m is expensed in the statutory forecast results for FY15 and CY14 relating to the sell down by Existing Shareholders. The remaining $2.3m is directly attributable to the issue of Shares under the Offer and hence will be offset against equity raised on Completion of the Offer. Pro forma adjustments have been made for this event as the Offer is a one-off event.
3. The estimated additional costs associated with operating as a publicly listed company on the ASX. Costs include but are not limited to additional Director expenses, audit and company secretarial costs, investor relations expense and insurance obligations.
4. Reduction in debt liability of $1.1m due to the repayment of the SVB Loan. See Section 4.4.2 for further details on the SVB Loan.
5. Incremental full year impact of interest income on cash held from Offer proceeds from 1 July 2014.

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4.6 Management discussion and analysis of Pro Forma Historical Financial Information

4.6.1 General factors affecting operating results of Aconex

Section 4.6 sets out a discussion of the main factors which affected Aconex's operations and relative financial performance in FY12, FY13 and FY14, and which may continue to affect it in the future. The discussion of these factors is intended to provide a brief summary only and does not detail all factors that affected the historical operations and financial performance, nor everything which may affect the future operations and financial performance.

The information in this Section 4.6 should also be read in conjunction with the risk factors set out in Section 5 and the other information contained in this Prospectus.

4.6.1.1 Revenue

The Company derives its revenues predominately through the sale of its subscription services which allows customers to access the Company's construction collaboration platform through a "Software-as-a-Service" (**SaaS**) model, and, to a much lesser extent, through the provision and sale of certain professional support services.

Revenue from subscription and professional support services is recognised when all of the following conditions have been satisfied:

- there is persuasive evidence of an authorised contractual arrangement;
- the service has commenced and is being provided to the customer;
- collection is reasonably assured; and
- the amount of fees to be paid by the customer is fixed or determinable.

An overview of each revenue stream is set out below:

1. SaaS subscription revenue

Aconex's SaaS offerings are outlined in Section 3.2. For the purpose of this Prospectus, the SaaS subscription revenue includes:

- enterprise subscription agreements – entered into with customers covering a number of projects across the customer's organisation, generally contracted for periods of 3 years;
- enterprise framework subscription agreements – entered into with customers covering a number of projects across the customer's organisation, supplemented by a fee per project where projects reach a certain phase, generally contracted for periods of 3 years;
- project subscription agreements – entered into with customers covering a specific project, generally contracted for the term of the project typically ranging from 2-5 years.
- BidContender – customers pay a monthly subscription fee for a platform licence and hosting service.

See Section 11 for a summary of the Company's revenue recognition policies.

2. Other Revenue

Professional support services revenue consists primarily of fees associated with other follow-on professional, archiving services and document controller training courses. Professional support services arrangements are typically billed on a time and materials basis and recognised as revenue when the services are delivered or rendered. These professional support services have standalone value because these services are sold separately by the Company. The document controller training course was terminated in February 2013 and does not represent a major line of business.

4.6.1.2 Cost of Revenue

Cost of revenue comprises of the costs associated with delivering the Aconex construction collaboration platform, which largely consists of IT infrastructure, hosting, bandwidth, and helpdesk operations. Despite being associated with revenue, these costs tend to be relatively fixed in nature, with a relatively small investment typically required to support business growth, and, as result, the gross profit margin has tended to increase over time.

The cost of revenue also includes the time and materials associated with providing customer support services (implementation and training) complementary to the provision of the core Aconex product.

4.6.1.3 Operating costs

Key operating costs comprise of:

- Engineering and Product Development – comprises of the expenditure associated with the development of the Aconex construction collaboration platform and new products or features. Engineering and Product Development largely consists of

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employee expenses. Aconex mostly expenses Engineering and Product Development costs, except where these costs relate to 'significant enhancements' to new or existing products. Aconex has a dedicated team that focuses on Engineering and Product Development to ensure continued improvement and innovation. Engineering and Product Development expenditure has reduced as a percentage of revenue over time.

- Sales and Marketing – costs associated with the sales and marketing effort of acquiring new customers and retaining existing customers. Sales and Marketing expenses largely consist of employee expenses, marketing and promotional costs. Sales and Marketing costs are relatively fixed in nature with the exception of sales commissions which represent a variable cost that is a function of deal length and invoicing profile for new sales.

  Sales and Marketing has increased over time as Aconex has established new regional offices and hired associated sales and support staff with Aconex's global sales and service network now largely established. Sales and Marketing costs specific to a region are accounted for within that region. Head office Sales and Marketing costs are of a global and strategic nature and not specifically allocable or identifiable to a region.
- General and Administrative – includes all other operating expenses not captured above. These include finance, other IT-related expenditure, human resources, legal, executive and administrative and other costs. These costs have tended to be relatively fixed in nature as the functional unit operations are not directly correlated to the other departments and have only increased modestly to support the business as the business has grown.

Employee costs are embedded within each of the key operating expense lines and represent the largest portion of costs.

Depreciation and amortisation is included in each of the functional areas based on the asset purpose and use. Depreciation and amortisation has been excluded from costs as disclosed in the segment analysis.

The above operating costs can also be categorised as either Direct Operating Costs or head office-based unallocated costs as presented in Section 4.3.4. Direct Operating Costs are those specifically attributable to a region where the cost is directly associated with revenues earned in that region. Regional management have direct responsibility for the costs incurred in that region.

Head office-based unallocated costs are generally those of a global or shared service nature, not attributable to one particular regional segment. Engineering and Product Development, information technology, finance, human resource, legal and executive costs are included within the head office-based unallocated costs.

If Head office-based unallocated costs were to be allocated regionally on the basis that Cost of Revenue was allocated by revenue, Engineering and Product Development was allocated by revenue, Sales and Marketing were allocated by regional headcount, and General and Administrative was allocated by regional headcount, then the ANZ segment would account for approximately 38%, 39% and 36% of these unallocated costs in FY12, FY13 and FY14 respectively.

4.6.1.4 Depreciation and Amortisation

Each class of plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses, if any.

The depreciable amount of all fixed assets, including capitalised leased assets, is depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation and amortisation costs are included within Cost of Revenue, Engineering and Product Development, Sales and Marketing and General and Administrative cost lines of the income statement.

The depreciation and amortisation principles are as follows:

- depreciation – relates to the depreciation of IT infrastructure, leasehold improvements and plant and equipment; and
- amortisation – relates to amortisation of capitalised Engineering and Product Development, purchased software and software licences, which are generally amortised on a 3 year straight-line basis.

4.6.1.5 Capital expenditure

Aconex capitalises Engineering and Product Development costs that relate to 'significant enhancements' to new or existing products.

The Company accounts for the cost of software developed for internal use by capitalising qualifying costs which are incurred during the application development stage and amortising them over the software's useful life. Costs incurred in the preliminary and post-implementation stages are expensed as incurred. The amounts capitalised include external direct costs of services used in developing internal-use software, as well as payroll and related costs of employees directly associated with the development activities.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit and the amortisation expense is included in Engineering and Product Development cost line. During the period of development, the asset is tested for impairment annually.

Other capital expenditure is primarily associated with technology and office hardware and leasehold improvements.

4.6.1.6 Working capital

Working capital includes trade and other receivables, other current assets, trade and other payables, provisions and deferred revenue.

The business has traditionally operated with movement in Net Working Capital driven by deferred revenue which is a large balance due to Aconex historically invoicing a large proportion of contractual revenue in advance. This balance has grown with the business. Invoicing profiles change year to year depending on the size and nature of new contracts won and as a result working capital tends to move from year to year.

4.6.1.7 Tax

Aconex operates in various jurisdictions, and is subject to various taxation regimes and tax rates.

The Company's revenue recognition policy is such that the revenue is recognised over the life of the contract whilst the costs are borne upfront from software development, sales costs and implementation costs. This has resulted in tax losses whilst the Company has been in a development phase and incurred large upfront costs.

Deferred tax assets have not been recognised on carried forward tax losses in some jurisdictions as it is not yet considered probable that future taxable profits will be available against which the Group can utilise the tax benefits.

As at 30 June 2014, total carry forward tax losses of the Company were $15.2m and research and development tax concession offsets for the Company were $10.5m.

Unrecognised tax losses are located in a number of different jurisdictions. Realisation of unrecognised tax losses, timing differences and offsets is dependent upon the future production of sufficient taxable profits in the relevant jurisdictions as well as continued compliance with regulatory requirements for availability.

Certain charges between Group companies and amounts charged to customers in certain jurisdictions are subject to withholding tax.

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4.6.2 Pro forma historical consolidated income statements – FY12 vs. FY13

Table 28 sets out the pro forma consolidated historical income statements for FY12 and FY13:

30 June year end; $ millions		Pro Forma Historical		
	Notes	FY12	FY13	% change
Revenue				
ANZ		22.5	26.7	19%
Americas		5.4	7.9	46%
Asia		5.2	6.1	17%
EMEA		11.2	11.6	4%
Total Revenue		**44.3**	**52.3**	**18%**
Cost of Revenue		(14.6)	(15.9)	9%
Gross Profit		**29.7**	**36.4**	**23%**
Operating Costs				
Engineering and Product Development	1	(8.7)	(14.1)	62%
Sales and Marketing		(19.1)	(25.8)	35%
General and Administrative	2	(12.0)	(13.1)	9%
Total Operating Costs		(39.8)	(53.0)	33%
EBIT		**(9.9)**	**(16.7)**	**nmf**

Table 29 sets out the reconciliation of EBIT to EBITDA:

EBIT	**(9.9)**	**(16.7)**	**nmf**
Depreciation and Amortisation	5.7	6.8	19%
EBITDA	**(4.2)**	**(9.8)**	**nmf**

Notes:

1. The Engineering and Product Development cost includes both expenses for the year as well as amortisation of capitalised Engineering and Product Development from prior years. Aconex capitalises certain Engineering and Product Development costs depending on the nature of the project and eligibility for capitalisation under the AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
2. Public company costs have been included in the pro forma accounts as though Aconex were a public company in each of the reporting periods. Further details on the pro forma adjustments are provided in Section 4.3.3.

4.6.2.1 Revenue

In the year ended 30 June 2013, the Company reported an 18% increase in revenues, from $44.3m in FY12 to $52.3m in FY13. The increase was a result of continued business expansion across key customer markets and new product offerings:

Aconex regional performance

- 19% increase in ANZ revenue to $26.7m, driven by:
  - continued growth and penetration within the region, particularly in the energy and resources sector; and
  - continued conversion of the Company's pipeline of opportunities and a growing Network Effect (see Section 2.4.3) as a result of its well established position in the market.
- 46% increase in Americas revenue to $7.9m, driven by:
  - strong sales in the energy and resources sector across the region in mid to late FY12.

- 17% increase in Asia revenue to $6.1m, driven by:
  - high value enterprise agreements being executed in late FY12 and early FY13 in Japan and China, underpinning a strong overall sales result.
- 4% increase in EMEA revenue to $11.6m, driven by:
  - moderate sales growth, particularly in infrastructure projects in the UK and Qatar.

New product offerings

In the year ended 30 June 2013, Aconex released the Aconex Field and Aconex Smart Manuals products which contributed to the Company's revenue growth during FY13:

- In July 2012, the Company completed the acquisition of the assets and business of Grazer Pty Ltd and successfully integrated the business with Aconex. As a result of this acquisition, in February 2013 Aconex launched Aconex Smart Manuals, a suite of operations and maintenance solutions. The product generated revenue of $0.5m in FY13; and
- In October 2012, the Company launched Aconex Field which enables users to manage the inspection, capture, reinspection, and close out of defects and other issues from mobile devices at the project site. Aconex Field generated revenue of $0.2m in FY13.

4.6.2.2 Cost of Revenue

In the year ended 30 June 2013, Cost of Revenue increased by 9% from $14.6m in FY12 to $15.9m in FY13, with the gross profit margin increasing from 67% to 70%. The margin improvement was driven by the lower unit costs of Aconex's IT infrastructure and hosting capability as the scale of the business grows and by continued reduction in customer service costs as a percentage of revenue as the Aconex user network grows.

4.6.2.3 Operating costs

In the year ended 30 June 2013, operating costs increased by 33%, from $39.8m in FY12 to $53.0m in FY13. The increase reflected the Company's continued investments in product development, as well as sales and marketing for key customer markets, particularly the Americas region.

- Aconex continued its investment in product development, focusing on a range of new offerings targeting emerging technology and market trends. Aconex expanded its mobile construction applications for smartphones and tablets on both iOS and Android platforms.
- Aconex's Engineering and Product Development costs is higher in FY13, with a total increase of $5.4m. The reason for this increase was primarily from a lower proportion of capitalisation of these costs with only 6% being capitalised in FY13 while 51% was capitalised in FY12. The reduction in FY13 capitalised Engineering and Product Development reflects the release of the Aconex Field and Aconex Smart Manuals products early in FY13. This was compounded by the cycle of product development with less new product development during FY13, leading to higher expensing of costs. Total Engineering and Product Development expenditure for the year (including the capitalised component, but excluding the depreciation and amortisation of prior years Engineering and Product Development) was $10.3m in FY12 and $9.6m in FY13 (see Section 4.3.6).
- Aconex invested significantly in the Americas, with substantial growth in employee headcount, increasing from 35 to 47 in the Americas region. This resulted in broader sales coverage across both North and South America, serving vertical segments such as mining, oil and gas, power and infrastructure, in addition to commercial and residential construction.
- Aconex implemented marketing automation systems for demand generation and the development of inside sales capabilities for lead qualification and conversion, as well as revenue generation at a lower cost of sales.

4.6.2.4 EBITDA and EBIT

The Company's loss before net interest and financing costs, tax, depreciation and amortisation (EBITDA loss) for FY13 was ($9.8m) compared with ($4.2m) for FY12. The year-over-year change in EBITDA loss primarily reflected the Company's initiatives and investment to increase sales and marketing activities in key growth markets. The Engineering and Product Development expenditure increase was almost as large in dollar terms as the increase in EBITDA loss.

The Company's loss before interest and income tax (EBIT loss) for FY13 was ($16.7m) compared with ($9.9m) for FY12. In addition to the reasons for the year-over-year change for EBITDA loss, depreciation and amortisation increased as a result of the cumulative impact of amortising capitalised Engineering and Product Development expenditure.

4.6.3 Pro forma historical consolidated cash flows – FY12 vs. FY13

The net cash flow from operations of ($7.2m) in FY13 compared to $0.3m in FY12 was primarily the result of higher EBITDA losses and capital expenditures. The EBITDA loss was a function of investment in increased expenditure on personnel during the first half of the financial year, primarily in Sales and Marketing and Engineering and Product Development. Capital expenditure was primarily for additional equipment to increase hosting and storage capacity consistent with the growth of the Company.

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Table 30 sets out the pro forma historical consolidated cash flows for FY12 and FY13:

30 June year end; $ millions		Pro Forma Historical		
	Notes	FY12	FY13	% change
EBITDA		**(4.2)**	**(9.8)**	**nmf**
Movement in Net Working Capital	1	10.7	5.1	(52%)
Other non-cash movements		0.3	0.6	102%
Net cash flow from operations (before interest and tax)		**6.8**	**(4.1)**	**nmf**
Capitalised Engineering and Product Development Costs	2	(5.3)	(0.6)	(88%)
Other capital expenditure		(1.1)	(2.5)	118%
Net cash flow from operations after capital expenditure (before interest and tax)		**0.3**	**(7.2)**	**nmf**

Notes:

1. Due to invoicing profiles of larger existing contracts being billed in advance from the 1 July period.
2. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project and eiligibility for capitalisation under AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.

4.6.4 Pro forma historical consolidated income statements – FY13 vs. FY14

Table 31 sets out the pro forma historical consolidated income statements for FY13 and FY14:

30 June year end; $ millions		Pro Forma Historical		
	Notes	FY13	FY14	% change
Revenue				
ANZ		26.7	31.5	18%
Americas		7.9	10.7	35%
Asia		6.1	7.6	25%
EMEA		11.6	16.5	42%
Total Revenue		**52.3**	**66.2**	**27%**
Cost of Revenue		(15.9)	(17.3)	9%
Gross Profit		**36.4**	**49.0**	**35%**
Operating Costs				
Engineering and Product Development	1	(14.1)	(11.2)	(21%)
Sales and Marketing		(25.8)	(30.2)	17%
General and Administrative	2	(13.1)	(16.5)	26%
Total Operating Costs		(53.0)	(57.9)	9%
EBIT		**(16.7)**	**(8.9)**	**nmf**

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Table 32 sets out the reconciliation of EBIT to EBITDA:

30 June year end; $ millions	Pro Forma Historical		
EBIT	**(16.7)**	**(8.9)**	**nmf**
Depreciation and Amortisation	6.8	4.8	(29%)
EBITDA	**(9.8)**	**(4.1)**	**nmf**

Notes:

1. The Engineering and Product Development expense includes both expenses for the year as well as amortisation of capitalised Engineering and Product Development from prior years. Aconex capitalises certain Engineering and Product Development costs depending on the nature of the project and eligibility for capitalisation under the AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.
2. Public company costs have been included in the pro forma accounts as though Aconex were a public company in each of the reporting periods. Further details on the pro forma adjustments are provided in Section 4.3.3.

4.6.4.1 Revenue

In FY14, the Company reported a 27% increase in revenues, from $52.3m in FY13 to $66.2m in FY14. The increase was a result of continued business expansion across key customer markets and new product offerings:

Aconex regional performance

- 18% increase in ANZ revenue to $31.5m, driven by:
  - investment in the key customer account management in earlier years saw a very significant sales result with a number of existing enterprise clients substantially expanding their financial commitment to Aconex and several new, high value enterprise relationships were established; and
  - additionally, Aconex successfully entered into an agreement on a large mining project with a high annualised contract value.
- 35% increase in Americas revenue to $10.7m, driven by:
  - strong overall sales growth, helped by significantly greater focus across the region in the sales organisation and a steadily improving productivity of the sales and marketing teams; and
  - a particularly strong result in Canada, headlined by significant contract wins in the energy sector.
- 25% increase in Asia revenue to $7.6m, driven by:
  - continued performance supported by a stable sales team with a particularly strong sales result in Japan and Hong Kong.
- 42% increase in EMEA revenue to $16.5m, driven by:
  - strong overall sales growth across the region but headlined by growth in newer markets such as Qatar, Saudi Arabia and Kuwait; and
  - additionally, the region benefited from two contractual variations that resulted in favourable revenue adjustments.

New product offerings

New products launched in FY13, being Aconex Smart Manuals (from the acquisition of the assets and business of Grazer Pty Ltd) and Aconex Field, contributed $1.1m and $1.2m respectively to the Company's revenue in FY14.

4.6.4.2 Cost of Revenue

In FY14, Cost of Revenue increased by 9% from $15.9m in FY13 to $17.3m in FY14, with the gross profit margin increasing from 70% to 74%. The margin improvement was driven by the lower unit costs of Aconex's IT infrastructure and hosting capability as the scale of the business grows and by continued reduction in customer service costs as a percentage of revenue as the Aconex user network grows.

To support the revenue growth in FY14 and in future periods, a further 11 full time equivalent employees were added in the IT infrastructure support and customer service areas during FY14.

4.6.4.3 Operating costs

In FY14, operating costs increased by 9% from $53.0m in FY13 to $57.9m in FY14. The increase reflected the Company's continued investments in product development, as well as sales and marketing for key customer markets.

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- Engineering and Product Development costs decreased by $2.9m to $11.2m (down 21%) as a greater amount of total Engineering and Product Development expenditure was capitalised in FY14. In FY13, total underlying Engineering and Product Development expenditure (including the capitalised component, but excluding the depreciation and amortisation of prior years Engineering and Product Development) was $9.6m of which 6% was capitalised, while in FY14, the corresponding expenditure was $10.6m of which 25% was capitalised, reflecting timing of commercialisation of technology and new product releases in FY14. To support the development effort, the Engineering and Product Development team increased by 16 full time equivalent employees in FY14.
- Sales and Marketing costs increased by $4.4m to $30.2m (up 17%) as Aconex continued to develop its global sales platform, adding new sales and marketing employees, and the additional travel and related commission costs associated with deriving additional revenues. The Company also undertook a targeted marketing and brand refresh in the second half of FY14, which contributed to the increase.
- General and Administrative costs increased by $3.4m to $16.5m (up 26%) due to expenditure on internal supporting systems and infrastructure to facilitate the growing human resource and financial reporting expectations of the Company. General and Administrative support functions increased by 11 full time equivalent employees in the period. In FY14, expenses relating to the granting of options increased by $0.3m relative to FY13. This reflects a higher assumed share option valuation and is a non-cash expense.

4.6.4.4 EBITDA and EBIT

In FY14, the Company's EBITDA loss decreased from ($9.8m) in FY13 to ($4.1m) in FY14 as operating expense growth slowed to 9% year-over-year, while the revenue grew by 27%.

The Company's EBIT loss for FY14 was ($8.9m) compared with ($16.7m) for FY13. In addition to the reasons for the year-over-year change for EBITDA loss, depreciation and amortisation decreased as a result of the flow-on impact of lower Engineering and Product Development costs being capitalised in FY13 and the balance of capitalised expenditure "in-progress" with the commercial release of key development enhancements due in 1H FY15.

4.6.5 Pro forma historical consolidated cash flows – FY13 vs. FY14

Net cash flow from operations in FY14 increased over FY13 primarily as a result of improved EBITDA and improved movement in working capital partially offset by increased capitalised Engineering and Product Development. The improved working capital movement was primarily the result of increased accounts payable and accrued liabilities. Also in 1H FY14, an increase in deferred revenue was brought about by a substantial 4 year deal in ANZ being billed upfront. Increased capitalised Engineering and Product Development was the result of more expenditure related to new product and substantial enhancements.

Table 33 sets out the pro forma historical consolidated cash flows for FY13 and FY14

30 June year end; $ millions		Pro Forma Historical		
	Notes	FY13	FY14	% change
EBITDA		**(9.8)**	**(4.1)**	**nmf**
Movement in Net Working Capital	1	5.1	8.3	62%
Other non-cash movements		0.6	1.1	93%
Net cash flow from operations (before interest and tax)		**(4.1)**	**5.4**	**nmf**
Capitalised Engineering and Product Development	2	(0.6)	(2.7)	328%
Other capital expenditure		(2.5)	(1.5)	(39%)
Net cash flow from operations after capital expenditure (before interest and tax)		**(7.2)**	**1.1**	**nmf**

Notes:

1. Due to invoicing profiles of larger existing contracts being billed in advance from the 1 July period.
2. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project and eligibility for capitalisation under the AAS. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.

4.7 Forecast Financial Information

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Aconex has undertaken an analysis of historical performance and applied assumptions where appropriate across each of the geographic segments. However, actual results are likely to vary from those forecasts and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are beyond the control of the Company, the Directors and Company management and are not reliably predictable.

Accordingly, none of Aconex, the Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and the Independent Limited Assurance Report set out in Section 8.

4.7.1 General assumptions

In preparing the Forecast Financial Information, the following general best estimate assumptions have been adopted in respect of the Forecast Period:

- no material change in the competitive operating environment of Aconex;
- no significant interruptions are experienced in relation to Aconex's technology, platform and software used by Aconex to deliver services;
- no material change in key economic factors e.g. world growth, construction expenditure, new projects starting each year;
- no material changes in key personnel and Aconex maintains its ability to recruit and retain the personnel required to support future growth;
- no material changes in applicable Australian Accounting Standards or other mandatory professional reporting requirements of the Corporations Act which have a material effect on Aconex's financial performance, financial position, accounting policies, financial reporting or disclosure;
- the key exchange rates used by Aconex's management is 0.9279 US dollars, 1.0171 Canadian dollars and 0.5513 British pounds to one Australian dollar respectively, other than the US$23.5m payment under the arrangement with Francisco Partners described in Section 9.7 which has been disclosed at an exchange rate of 0.8623 representing the expected rate at the anticipated date of this payment;
- the Offer proceeds in accordance with the timetable set out in Important Information of this Prospectus;
- no material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus; and
- none of the key risks listed in Section 5 eventuates, or if they do, none of them has a material adverse impact on the operations of Aconex.

4.7.2 Specific assumptions

The specific assumptions that have been used in the preparation of the Forecast Financial Information are set out below:

4.7.2.1 Revenue assumptions

The total forecast SaaS subscription revenue is based on the Existing Contracted Revenue Trail plus New Sales.

- **Existing Contracted Revenue Trail:** Revenue related to contracts for currently committed and operating projects for a given financial period, but not yet recognised, is the Existing Contracted Revenue Trail. For the 12 month period to FY15, 75% of the forecast revenue is from the existing revenue trail as at 30 June 2014. Similarly, for the 12 month period to CY15, 56% of the forecast revenue is from the existing revenue trail as at 30 June 2014. Over 70% of CY15 forecast revenue is expected to flow from contracts signed by 31 December 2014.
- **New Sales:** Represents revenue derived from customer sales not in the existing trail of contracted revenues and based on a management sales budget by region which is supported by the Company's pipeline of opportunities. The Company's pipeline of opportunities is actively maintained as a sales tool and only reflects opportunities that have been qualified by the sales team. Opportunities are separated by region and banded by size and an assessment is made on the Company's likelihood to win the opportunity based on historical experience for that particular region and opportunity size. An assessment is also made on the likely timing to close the deal based on historical experience and a blended price is applied to the opportunity, again based on historical experience for that particular region and opportunity size.

  Revenue is recognised for New Sales over the life of the contract which is often linked to contract size. The Company has assumed a reduction in the average length in contract for all regions. The assumed reduction in contract length represents an

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improvement to revenue recognised in the period as the total booking value is brought to account over a shorter period. The Company's assumption is supported by: (a) recent trends in bookings; (b) recent restructure of sales commissions scheme; and (c) recent changes in standard term of corporate agreements.

- **BidContender:** In addition to the above for core SaaS subscription revenue, the Company has separately forecast revenue growth for the BidContender product on the basis that the service offering is being extended to subcontractors and charging a subscription fee to obtain full access to tendering opportunities. Forecast revenues for BidContender are also assumed to be enhanced by up-selling the BidContender product offering to existing Aconex customers as a complementary product to the core platform.

Other revenue is a mostly for archive services and is a function of projects currently in progress coming to completion. As the project is concluded, an archive service is provided and separately invoiced.

4.7.2.2 Cost of Revenue assumptions

Cost of Revenue primarily consists of cost of customer service, helpdesk, IT infrastructure, bandwidth and hosting. Customer service costs are forecast by region, with improving efficiency as the Aconex user network grows in each region. Bandwidth and hosting costs are forecast to grow in line with data volumes, closely aligned to revenue growth and driven by project usage. The cost of managing IT infrastructure globally is largely fixed and reduces as a percentage of revenue as the business expands. Gross margins are expected to increase with improving customer service efficiency and the scale benefits in the Company's IT infrastructure.

4.7.2.3 Operating costs assumptions

The Forecast Financial Information is based on the following key operating expense costs:

- Total engineering and product development expenditure (including the capitalised component, but excluding the amortisation of prior year's Engineering and Product Development) is expected to remain at between 14-15% of forecast revenue in FY15 and CY15 to ensure there is ongoing development and maintenance of Aconex's software products. A portion of these Engineering and Product Development costs are assumed to be capitalised in line with Aconex's capitalisation policy.
- Sales and Marketing expense is expected to continue to decline as a proportion of revenue over the Forecast Period driven by the increasing scale of Aconex's operations and its established global sales and customer service teams. Slight increases in expenditure are due to the Aconex brand refresh in 2H FY14 and the appointment of a Chief Marketing Officer. Sales and Marketing include commissions which are recognised at the signing of a new sale and are assumed to be on average 7.3% of contracted revenue in the Forecast Period.
- Underlying General and Administrative expense is forecast at a constant level allowing for market-based increases in employee remuneration and forecast incremental internal-based projects to enhance finance, human resources and administrative processes. General and administrative full time equivalent employee levels remain constant for the Forecast Period. The total expense will reduce as several internal projects (to implement systems and infrastructure to support business growth) using external contract resources reach completion. As such, as a proportion of revenues General and Administrative costs are assumed to decline as the Company revenues grow. In FY15, expenses relating to the granting of options are forecast to increase by $0.3m relative to FY14. This was driven IFRS share option expense amortisation principles and higher assumed share option valuation. This is a non-cash expense.

Employee costs are embedded within each of the key operating expense lines. Total employee numbers are expected to rise from 402 at the end of FY14 to 432 at the end of FY15 and 435 at the end of CY15. The investment in additional employee numbers reflects the investment in client operational support, product development and sales and marketing. Total cost of labour is forecast to increase in line with the Company's remuneration policies at 3.8% per annum.

The above operating costs can also be categorised as either Direct Operating Costs or head office based unallocated costs as discussed in Section 4.3.4.

Similar to that discussed in Section 4.6.1.3, if head office-based unallocated costs were to be allocated regionally on the basis that Cost of Revenue was allocated by revenue, Engineering and Product Development were allocated by revenue, Sales and Marketing was allocated by regional headcount, and General and Administrative were allocated by regional headcount, then the ANZ segment is forecast to account for approximately 34%, 34% and 33% of these unallocated costs in FY15, CY14 and CY15 respectively.

4.7.2.4 Cash flow assumptions

The Forecast Financial Information is based on the following key cash flow assumptions:

- **Net Working Capital:** Forecast assumptions do not deviate from typical historical customer invoicing and collection trends. The forecasts do not assume any large upfront invoicing profiles. As a result, deferred revenue balances are forecast to reduce to a more stable level. This will have the effect of reducing the change in Net Working Capital movements in the Forecast Period.

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Supplier payments are forecast in accordance with current terms and other cash outflows are supported by predictable employee costs and occupancy obligations.

There is no historical seasonality associated with working capital.

- **Capitalised Engineering and Product Development:** Is allocated to specifically identifiable Aconex product initiatives and enhancements. Only labour directly identified in the development of 'significant enhancements' to the product, in accordance with the Company's Engineering and Product development capitalisation policy is capitalised.
- **Capital expenditure:** Capital expenditure in the Forecast Period is planned and specifically allocated to maintain current information technology hardware and leasehold improvements. Capital expenditure is also allocated to the enhancement of internal processes with investment in external human resource and finance-based software systems.

4.7.3 Management discussion and analysis of Pro Forma Forecast Financial Information

4.7.3.1 Pro Forma Forecast Income Statements – FY14 vs. FY15

Table 34 sets out the summary pro forma consolidated historical income statement for FY14 compared to the pro forma consolidated forecast income statement for FY15:

30 June year end; $ millions		Pro Forma Historical	Pro Forma Forecast	
	Notes	FY14	FY15	% change
Revenue				
ANZ		31.5	34.5	10%
Americas		10.7	13.1	22%
Asia		7.6	9.5	25%
EMEA		16.5	19.4	18%
Total Revenue		**66.2**	**76.5**	**16%**
Cost of Revenue		(17.2)	(20.0)	16%
Gross Profit		**49.0**	**56.5**	**15%**
Operating Costs				
Engineering and Product Development	1	(11.2)	(10.4)	(7%)
Sales and Marketing		(30.2)	(31.5)	4%
General and Administrative	2	(16.5)	(17.3)	5%
Total Operating Costs		(57.9)	(59.2)	2%
EBIT		**(8.9)**	**(2.7)**	**nmf**

Table 35 sets out the reconciliation of EBIT to EBITDA:

EBIT	**(8.9)**	**(2.7)**	**nmf**
Depreciation and Amortisation	4.8	4.0	(17%)
EBITDA	**(4.1)**	**1.2**	**nmf**

Notes:

1. The Engineering and Product Development expense includes both expenses for the year as well as amortisation of capitalised Engineering and Product Development and from prior years. Aconex capitalises certain Engineering and Product Development costs depending on the nature of the project. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlines in Section 4.6.1.5.
2. Public company costs have been included in the pro forma accounts as though Aconex were a public company in each of the reporting periods. Further details on the pro forma adjustments are provided in Section 4.3.3.

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Revenue

In FY15, the Company forecasts total revenue to increase by $10.3m to $76.5m, an increase of 16% from FY14. Aconex is forecast to experience growth across all its geographical segments as the business continues to deepen its penetration in its markets and industry segments. Aconex also launched several new products in October 2014, including Aconex Connected BIM (Building Information Modelling) and Aconex Smart Manuals, which the Company expects to drive future revenue as additional modules are adopted by existing customers and demand from new customers increases.

On a geographical segment basis, the Company is forecast to achieve:

- 10% increase in ANZ revenue to $34.5m, driven by continued growth and penetration within the region including:
  - the stability and maturity of the sales team and benefit of a focus on infrastructure projects and contractors not presently engaged with Aconex;
  - increased focus on enterprise accounts, supported by a dedicated Enterprise Sales Manager;
  - leveraging Aconex's strong market position in ANZ to drive product up-sell to customers following the new product releases; and
  - growth in BidContender, Aconex's tender management system currently in the ANZ, as a result of Aconex introducing a 'premium service' to subcontractors.
- 22% increase in Americas revenue to $13.1m, driven by:
  - continuation of its strategy to target the key segments of oil and gas, power, mining, and infrastructure and build the key account team for large customers in these segments;
  - leveraging Aconex's technology investment in Field, Mobile and BIM to differentiate and position Aconex as the best of breed platform;
  - growth expected in the US East Coast market due to it being a relatively new market for Aconex and a new sales team of four people on the ground;
  - an expanded team in Latin America focused on the resources and infrastructure segments, building on recent wins in these segments across the region; and
  - continued penetration in the Toronto and East Coast markets, focused on mining and infrastructure, and the Calgary market in oil and gas.
- 25% increase in Asia revenue to $9.5m, driven by:
  - expansion of the sales team, supported by increased marketing, to deepen Aconex's penetration in Greater China. While continuing to build on successes in large residential and commercial projects, additional staff have been focused on the infrastructure and oil and gas sectors to diversify segment revenue;
  - deeper penetration and expansion of the Aconex user network in established markets, including Hong Kong, Singapore and Malaysia;
  - increased consistency and predictability in the Indian business; and
  - continued momentum in the Japanese business focused on large Japanese contractors operating on large infrastructure and oil and gas projects globally.
- 18% increase in EMEA revenue to $19.4m, driven by:
  - continued momentum in the Middle East, with growth in the UAE and Qatar, and new opportunities in Kuwait;
  - increasing infrastructure expenditure in Saudi Arabia and building on recent wins including the Riyadh Metro and Qatar Rail programs;
  - growth in the UK market driven by government infrastructure spending and a strengthening construction market; and
  - expansion in the African market with a focus on energy and resources projects, particularly in the mining segment and in South Africa. Additional sales resources have been engaged to develop and convert identified opportunities in this market.

Cost of Revenue

In FY15, the Company forecasts Cost of Revenue to increase by 16% from $17.2m in FY14 to $20.0m in FY15, with the gross profit margin expected to remain stable at 74%.

This increase reflects growth in the business with additional IT hosting costs due to a shift from capital expenditure to operational expenditure associated with a transition from a co-located hosting service to a managed hosting service, which commenced in 2H FY14. The move is expected to provide scale efficiencies without the need to increase internal resources as well as providing a market leading technology infrastructure to customers. A reduction in capital expenditure is also expected from the managed hosting solution.

Furthermore, helpdesk costs, which are forecast to grow at 9% over the financial year, are lower than forecast revenue growth at 16%. This increase in margin is because as the Company reaches scale, the costs associated with servicing new revenue becomes

incrementally lower. This is driven by returning customers who have an increased familiarity with the platform and require little training and support.

Operating Costs

In FY15, the Company forecasts operating costs to increase by $1.3 million to $59.2m, an increase of 2% from FY14.

- Engineering and Product Development expense is forecast to decrease by $0.8m to $10.4m (down 7%) as a result of more expenditure being capitalised. Total Engineering and Product Development expenditure (including the capitalised component, but excluding the depreciation and amortisation of prior years Engineering and Product Development) is expected to be $11.9m of which 31% is expected to be capitalised and principally relates to the development of new products.
- Sales and Marketing costs is forecast to increase by $1.3m to $31.5m (up 4%) due to ongoing investment in new sales staff during the financial year. The EMEA region is of particular focus currently with additional sales staff to be hired on the ground in the EMEA region by the end of FY15.
- General and Administrative costs is forecast to increase by $0.8m to $17.3m (up 5%) due primarily to annual remuneration reviews. As a percentage of revenue, General and Administrative costs are forecast to decline from 25% to 23% given that these costs are largely fixed in nature with the Company having already established significant and scalable corporate and back office capabilities.

EBITDA and EBIT

The Company forecasts EBITDA to increase from ($4.1m) to $1.2m, representing an EBITDA margin of 2%, as a result of a 16% increase in revenue, while operating expenses are expected to grow modestly at a rate of 2%.

The Company's EBIT loss for FY15 is forecast to be ($2.7m) compared with ($8.9m) for FY14. In addition to the reasons for the year-over-year change in EBITDA, depreciation and amortisation is forecast to decrease as a result of the continued amortisation of capitalised development for software in use and the accumulation of development progress (not yet commercially released). Development in progress relates to BIM and enhanced security development to the core Aconex product which were commercially released in 2H FY14.

4.7.3.2 Pro Forma Forecast Cash flows – FY14 vs. FY15

Forecast cash flow in FY15 declines slightly compared to FY14 due to a substantial improvement in EBITDA offset by lower changes in working capital. The forecast improvement in EBITDA is a result of continued increase in revenue across the business with moderate increases in operating expenses.

Forecast lower changes in working capital are primarily a function of decreasing deferred revenue balances as well as increasing receivables and decreasing accounts payable. The decrease in deferred revenue balances is a function of no large upfront invoicing profiles assumed in the Forecast Period. In 1H FY14, a large increase in deferred revenue occurred following a significant four year deal in ANZ being billed and paid upfront. Invoicing in future periods assumes payment profiles are upfront or monthly/quarterly whereas historically there have been instances of large annual in advance and annual payment plans.

In addition, the Company has put in place tighter controls on accounts payable and improved collections to establish stable receivables balances.

Table 36 sets out the summary pro forma consolidated historical cash flows for FY14 and pro forma consolidated forecast cash flows for FY15:

30 June year end; $ millions		Pro Forma Historical	Pro Forma Forecast	
	Notes	FY14	FY15	% change
EBITDA		**(4.1)**	**1.2**	**nmf**
Movement in Net Working Capital	1	8.3	3.3	(60%)
Other non-cash movements		1.1	1.2	6%
Net cash flow from operations (before interest and tax)		**5.4**	**5.7**	**7%**
Capitalised Engineering and Product Development	2	(2.7)	(3.7)	35%
Other capital expenditure		(1.5)	(2.1)	41%
Net cash flow from operations after capital expenditure (before interest and tax)		**1.1**	**(0.1)**	**nmf**

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Notes:

1. Invoicing in future periods assumes forecast payment profiles are upfront on a monthly or quarterly and historically there have been instances of large annual in advance and annual payment plans. As a result, there is an assumed unwinding of deferred revenue balances.

2. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.

4.7.3.3 Pro Forma Forecast Income Statements – CY14 vs. CY15

The Forecast Financial Information for CY14 comprises the actual results of Aconex for the six months ended 30 June 2014.

Table 37 sets out the pro forma forecast consolidated income statements for CY14 and CY15:

31 December year end; $ millions		Pro Forma Forecast		
	Notes	CY14	CY15	% change
Revenue				
ANZ		33.3	37.1	11%
Americas		11.8	14.9	26%
Asia		8.6	11.1	29%
EMEA		17.1	21.8	27%
Total Revenue		**70.7**	**84.8**	**20%**
Cost of Revenue		(18.9)	(20.9)	11%
Gross Profit		**51.8**	**64.0**	**24%**
Operating Costs				
Engineering and Product Development	1	(10.7)	(11.9)	11%
Sales and Marketing		(31.4)	(32.7)	4%
General and Administrative	2	(18.2)	(16.1)	(12%)
Total Operating Costs		(60.3)	(60.7)	1%
EBIT		**(8.4)**	**3.3**	**nmf**

Table 38 sets out the reconciliation of EBIT to EBITDA:

EBIT	**(8.4)**	**(3.3)**	**nmf**
Depreciation and Amortisation	3.8	4.7	24%
EBITDA	**(4.7)**	**8.0**	**nmf**

Notes:

1. The Engineering and Product Development expense includes both expenses for the year as well as amortisation of capitalised Engineering and Product Development and from prior years. Aconex capitalises certain Engineering and Product Development costs depending on the nature of the project. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.

2. Public company costs have been included in the pro forma accounts as though Aconex were a public company in each of the reporting periods. Further details on the pro forma adjustments are provided in Section 4.3.3.

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Revenue

For CY15, the Company forecasts total revenue to increase by $14.1m to $84.8m, an increase of 20% from CY14. This performance is largely driven by a continuation of the initiatives seen through FY15 and reflects the contribution expected from the new sales staff hired and products released over the previous year.

On a geographical segment basis, following the strategy in FY15 (refer to Section 4.7.3.1) the Company is forecast to achieve:

- 11% increase in ANZ revenue to $37.1m, driven by:
  - continuation of its strategy following FY15, to increase focus on the infrastructure segment and enterprise accounts, and drive product up-sell to existing clients; and
  - network monetisation of its large existing user base through its BidContender platform and engagement with the sub-contractor base.
- 26% increase in Americas revenue to $14.9m, driven by:
  - increasing sales from the FY15 strategy in the US to target key segments of oil and gas, power, mining and infrastructure; improved key account management; new product roll-out and investment in the US East Coast region;
  - wider coverage in South America and deeper penetration into Toronto and Calgary; and
  - investment in demand generation throughout FY15 to open up new accounts, support the field sales teams and drive consistency in performance.
- 29% increase in Asia revenue to $11.1m, driven by:
  - increasing sales in Greater China and across the region following the FY15 strategy of building the sales team in China, driving deeper penetration into strong Aconex markets of Hong Kong, Singapore and Malaysia, and a focus on large Japanese contractors operating globally;
  - building on early successes in Indonesia and targeting attractive infrastructure projects in one of the world's fastest growing construction markets; and
  - investment in demand generation throughout FY15 to open up new accounts, support the field sales teams and drive consistency in performance.
- 27% increase in EMEA revenue to $21.8m, driven by:
  - a strong forecast sales result in the second half of FY14, particularly in Saudi Arabia and Qatar, from the FY15 strategy of focusing on infrastructure programs across the region;
  - an expanded presence in the African resources sector; and
  - a focus on the large customer accounts based out of key hubs including the UK and UAE.

Cost of Revenue

For CY15, the Company forecasts Cost of Revenue to increase by 11% from $18.9m in CY14 to $20.9m in CY15, with the gross profit margin increasing from 73% to 75%. The increase in these costs relates primarily to a shift from capital expenditure to operational expenditure associated with Aconex migrating from a co-located hosting service to a managed hosting service, which commenced in 2H FY14. The migration is expected to provide scale efficiencies without the need to increase internal resources, as well as providing a market leading technology infrastructure to customers. A reduction in capital expenditure is also expected from the managed hosting solution.

Furthermore, helpdesk costs, which are forecast to grow at 5% in CY15, are lower than forecast revenue growth at 20%. This is because as the Company reaches scale, its cost to serve its customers declines, particularly as users become more familiar with the platform, thus requiring little training and support.

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Operating Costs

For the year ending 31 December 2015, the Company forecasts operating costs to increase by $0.4m to $60.7m, an increase of 1% from CY14.

- Engineering and Product Development expense is forecast to increase by $1.2m to $11.9m, up 11% as a result of continuing product development. Total Engineering and Product Development expenditure (including the capitalised component, but excluding the depreciation and amortisation of prior years Engineering and Product Development) is expected to be $12.3m of which 27% is expected to be capitalised and principally relates to the development of new products.
- Sales and Marketing costs is forecast to increase by $1.3m to $32.7m, up 4%. The increase is attributable to the hiring of new sales staff during the period, and additional marketing spend of 6% compared to that for the prior period.
- General and Administrative costs is forecast to decrease by $2.1m to $16.1m (down 12%) due to several costs incurred in CY14 that are not forecast in CY15, including costs relating to standalone projects to implement key internal finance and human resources systems and associated contractor costs and recruitment costs to engage employees; as well as treasury-related expenses relating to foreign exchange management. As a percentage of revenue, General and Administrative costs is forecast to decline from 26% to 19% given that these costs are largely fixed in nature and Aconex has well established corporate and back office capabilities. In CY15, expenses relating to the granting of options are forecast to decrease by $0.2m relative to CY14. This is a result of fewer options assumed to be issued in CY15. This is a non-cash expense. Other costs in CY14 not forecast to recur in CY15 include the employee share option costs of $0.2m and bonus and gratuity provisioning adjustments of $0.2m.

EBITDA and EBIT

The Company forecasts EBITDA to increase from ($4.7m) in CY14 to $8.0m in CY15, representing a 9% EBITDA margin, which demonstrates the operating leverage in the business achieved from revenue growth of 20% exceeding the growth in total operating expenses of 1%.

The Company forecasts EBIT to increase from ($8.4m) in CY14 to $3.3m in CY15, representing a 4% EBIT margin. In addition to the reasons for the year-over-year change in EBITDA, depreciation and amortisation is forecast to increase as a result of the commercial release of products and the subsequent amortisation.

4.7.3.4 Pro forma Forecast Cash Flows – CY14 vs. CY15

Forecast net cash flow from operations in CY15 increases over CY14 due to a substantial improvement in EBITDA offset by increases in receivables and lower accounts payable. EBITDA increases significantly as revenues are forecast to grow substantially and operating expense increases are expected to be moderate.

Forecast lower changes in working capital are primarily a function of decreasing deferred revenue balances as well as increasing receivables and decreasing accounts payable. The decrease in deferred revenue balances is a function of no large upfront invoicing profiles assumed in the Forecast Period. Invoicing in future periods assumes payment profiles are upfront or monthly/quarterly whereas historically there have been instances of large annual in advance and annual payment plans.

The increase in receivables is due to the increase in revenues and normal delays in collection. Furthermore, as contract lengths have been assumed to be shorter, revenue is being recognised over shorter term. Accounts payable and accrued liabilities are relatively lower due to the moderate increase in the expense base in CY15.

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Table 39 sets out the pro forma forecast consolidated cash flows for CY14 and CY15:

31 December year end; $ millions		Pro Forma Forecast		
	Notes	CY14	CY15	% change
EBITDA		**(4.7)**	**8.0**	**nmf**
Movement in Net Working Capital	1	5.1	(1.2)	**nmf**
Other non-cash movements		1.4	1.2	**(16%)**
Net cash flow from operations (before interest and tax)		**1.8**	**8.0**	**nmf**
Capitalised Engineering and Product Development	2	(3.8)	(3.3)	**(13%)**
Other capital expenditure		(2.1)	(2.4)	**15%**
Net cash flow from operations after capital expenditure (before interest and tax)		**(4.0)**	**2.4**	**nmf**

Notes:

1. Invoicing in future periods assumes payment profiles are upfront or monthly/quarterly whereas historically there have been instances of large annual in advance and annual payment plans. As a result, there is an unwinding of deferred revenue balances.
2. Aconex capitalises certain Engineering and Product Development expenditure depending on the nature of the project. Further details in relation to Aconex's Engineering and Product Development capitalisation policies are outlined in Section 4.6.1.5.

4.8 Sensitivity analysis

The Forecast Financial Information including in this Section 4 is based on a number of key assumptions which have been outlined in Section 4.7 which are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 5.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the forecasts in this Prospectus are to be expected. To assist investors in assessing the impact of changes to the assumptions in the forecast, set out below is a summary of the sensitivity of certain of the Statutory Forecast Financial Information to changes in a number of the key assumptions. The changes in the key assumptions set out in the sensitivity analysis below are not intended to be indicative of the complete range of variations that may be experienced. Care should be taken in interpreting these sensitivities. The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

The estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or may be additive. In addition, the sensitivities set out in the table below do not reflect any action that management might take to manage the impact of changes to the assumptions.

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Table 40: Sensitivity analysis on pro forma forecast EBITDA and NPAT for CY15

Assumption, $ millions	Variance	CY15 EBITDA		CY15 NPAT	
		Negative	Positive	Negative	Positive
Conversion of new sales from pipeline	– /+ 1%	(1.0)	1.0	(1.0)	1.0
Price change on new sales	– /+ 1%	(0.3)	0.3	(0.3)	0.3
Change in deal length for new deals	– /+ 1%	0.5	(0.5)	0.5	(0.5)
Group gross profit margin	– /+ 1%	(0.9)	0.9	(0.9)	0.9
Staff costs	– /+ 1%	0.5	(0.5)	0.5	(0.5)
Foreign exchange rate (A$/US$)	– /+ 10%	0.1	(0.1)	0.1	(0.1)
Foreign exchange rate (A$/CA$)	– /+ 10%	0.6	(0.5)	0.6	(0.5)
Foreign exchange rate (A$/GBP)	– /+ 10%	0.4	(0.3)	0.4	(0.3)

Table 41: Sensitivity analysis on pro forma forecast EBITDA and NPAT for FY15

Assumption, $ millions	Variance	FY15 EBITDA		FY15 NPAT	
		Negative	Positive	Negative	Positive
Conversion of new sales from pipeline	– /+ 1%	(0.4)	0.4	(0.4)	0.4
Price change on new sales	– /+ 1%	(0.1)	0.1	(0.1)	0.1
Change in deal length for new deals	– /+ 1%	0.3	(0.3)	0.3	(0.3)
Group gross profit margin	– /+ 1%	(0.8)	0.8	(0.8)	0.8
Staff costs	– /+ 1%	0.5	(0.5)	0.5	(0.5)
Foreign exchange rate (A$/US$)	– /+ 10%	(0.3)	0.2	(0.3)	0.2
Foreign exchange rate (A$/CA$)	– /+ 10%	0.5	(0.4)	0.5	(0.4)
Foreign exchange rate (A$/GBP)	– /+ 10%	0.3	(0.3)	0.3	(0.3)

4.9 Dividend policy

The Directors have no current intention to declare and pay a dividend over the Forecast Period. It is the Directors' intention to invest the Offer proceeds received by the Company and future available cash flows in the further development of the Company's businesses, in particular its Americas, Asia and EMEA (together "International Business") businesses.

The payment of a dividend by Aconex is at the sole discretion of the Directors and will be a function of a number of factors, including general business conditions, the operating results and financial condition of Aconex, future funding requirements, compliance with debt facilities, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by Aconex, and any other factors the Directors may consider relevant.

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5 Risks

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Location: Middle East

aconex

5. Risks

Section 5 describes potential risks associated with Aconex's business and an investment in the Shares. It does not list every risk that may be associated with Aconex and the occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of Aconex, its Directors and senior management.

The selection and order of risks has been based on an assessment of a combination of the probability of the risk occurring and the impact if it did occur. This assessment is based on the knowledge of the Directors and senior management as at the Prospectus Date. There is no guarantee or assurance that the risks will not change or that other risks will not emerge.

There can be no guarantee that the Company will deliver on its business strategy, or that the Forecast Financial Information or any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your accountant, financial adviser, tax adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

5.1 Risks specific to an investment in Aconex

5.1.1 Failure to retain existing clients and attract new business

Aconex's business is dependent on its ability to retain its existing clients and attract new clients. The Company's business operates under various subscription models, all of which are exposed to the risk of expiry and non-renewal. Aconex is also dependent on its clients undertaking new projects that Aconex can seek to service.

Contracts that Aconex has entered into with its customers may be terminated if the project is delayed or terminated: however, if this occurs Aconex is generally only entitled to recover between 60% and 70% of uninvoiced fees.[56] Likewise, projects that Aconex has successfully tendered for may be delayed or terminated prior to entry into a binding customer contract, in which case Aconex will not be entitled to any fees.

Aconex may also fail to retain existing customers and attract new business for a number of reasons, such as the failure to meet customer expectations, poor customer service, technology disruptions, pricing or competition. The Company's ability to retain and renew existing contracts and win new contracts may also be impacted by broader factors affecting the dynamics of the construction industry, changes to law or changes to the regulation of the internet and e-commerce generally. Certain material customers may also be entitled to terminate their contracts on short notice and without financial penalty.

If Aconex fails to retain existing customers, if its clients terminate projects or cease to undertake new projects or if the Company fails to win new business, the Company's future operating and financial performance may be adversely affected and its reputation may be damaged.

5.1.2 Aconex operates in a competitive industry

The collaboration industry that services the construction industry is subject to competition based on factors including price, service, quality, performance standards, information security, innovation and the ability to provide customers with an appropriate range of reliable and tailored services in a timely manner. Refer to Section 2.6 for a detailed description of the competitive environment in which Aconex operates.

Aconex's existing competitors include large global software corporations and local operators in specific markets, and may vary across the different countries in which it operates. Some of Aconex's competitors may have longer operating histories, greater market share in certain markets or greater financial and other resources, which may make them better able to withstand any downturns in the market or expand into new and developing markets more aggressively than Aconex. A failure by Aconex to effectively compete with its competitors may adversely affect the Company's future financial performance and position.

5.1.3 Competition from new entrants to the construction collaboration solutions industry

Aconex operates in an increasingly competitive industry where a number of participants are, or may, target entry into the construction collaboration solutions industry with products aimed at the construction industry. New entrants to the industry may offer more competitive prices for construction collaboration solutions products due to a range of factors, including if they have greater financial resources than Aconex, which may enable them to offer products at more competitive prices while they establish their business. New entrants may also compete against Aconex with cheaper products that have less functionality than the Aconex

56 Please refer to Section 9.8 for a summary of Aconex's contractual arrangements with its key customers.

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platform. Competitive pressure from new entrants to the construction collaboration solutions industry may negatively affect Aconex's ability to sustain or increase prices and to attract new business.

Aconex may face competition from well-resourced, larger SaaS vendors operating in adjacent industries looking to expand their businesses by offering enterprise-wide software solutions. These companies may have greater financial or technical resources than Aconex, greater name recognition, more comprehensive and varied products and services or longer operating histories, which may put them in a better position to develop competitive products and to market and sell these products and may make them better able to expand into new and developing markets more aggressively than Aconex. Competition will intensify if established companies in other market segments expand into the construction collaboration solutions industry targeting the construction industry.

Any failure by Aconex to successfully compete with new entrants to the construction collaboration solutions industry may adversely affect the Company's future financial performance and position.

5.1.4 Dependence on market demand and acceptance of construction collaboration solutions software

Aconex sells its construction collaboration solutions software as an alternative to existing in-house information management systems that have been developed by construction industry participants over a considerable period of time. Aconex's business model relies on increasing acceptance and proliferation of web-based software for information management in the construction industry. It may be difficult for Aconex to persuade its prospective clients to change their existing solutions and accept web-based information management solutions. If Aconex's construction collaboration solutions are not accepted and used by organisations in the construction industry, or if the market for construction collaboration solutions in the construction industry fails to grow at the expected rate, demand for Aconex's core product could be negatively impacted and the Company's ability to sustain and grow its business may be adversely affected.

5.1.5 Expansion of international business may not achieve intended outcomes

A significant part of Aconex's growth strategy is its goal to significantly grow its presence in the overseas markets in which it already operates. The Company's growth plans may be inhibited by unforeseen issues particular to a territory, including differences in local cultures, business practices and regulation. Aconex's ability to grow and expand its international business may be subject to various risks, including the need to invest significant resources and management attention to the expansion and the possibility that the desired level of return on its international business will not be achieved. If Aconex cannot successfully grow and expand its international business, its future financial performance and position may be adversely affected.

5.1.6 Reliance on its core product and failure to develop new products

Aconex derives a significant majority of its revenue from sales of its core construction collaboration solutions software. Aconex's business model depends on its ability to continue to ensure that its customers are satisfied with its core product. Consequently, any factor adversely affecting sales of the Aconex product, including market acceptance, product and price competition, performance and reliability, reputation, changes in law or regulation or economic and market conditions, may have an adverse effect on the Company's business, financial condition, results of operations and prospects.

Aconex's future success will depend on its ability to develop new products, features and enhancements to its construction collaboration solutions software. When Aconex introduces new products, features and enhancements, there is a risk that these new initiatives may result in unforeseen costs, may fail to achieve any revenue or may not achieve the intended outcomes. A failure by Aconex to develop successful new products, features and enhancements may adversely impact its business, financial position and prospects.

5.1.7 Disruption or failure of technology systems

As a provider of online construction collaboration solutions, Aconex is dependent on the performance, reliability and availability of its technology platforms, communications systems, servers, the internet, hosting services and the cloud-based environment in which it provides its products. Aconex relies on third party service providers for the delivery of its products, and accordingly many potential operational issues are outside the Company's control. There is a risk that these systems may be adversely affected by disruption, failure, service outages or corruption of Aconex's information technology network and information systems that may occur as a result of bugs, computer viruses, 'worms' and other destructive or disruptive software as well as natural disasters, power outages, terrorist attacks and similar events.

Operational or business delays, and damage to reputation, may result from any disruption or failure of Aconex's information systems and product delivery platforms, which may be caused by events outside the Company's control. This could lead to claims against Aconex by its customers and the eventual termination of customer contracts, and Aconex's third party technology supplier contracts may not entitle the Company to recover all of the losses it may suffer. Certain of Aconex's material third party supplier contracts may also be terminated at short notice, which may be insufficient time for Aconex to be able to procure a replacement provider in a timely manner and at an equivalent cost.

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Any disruption or failure of the Company's technology systems, including those provided by third party providers, would adversely affect the Company's business and financial position.

5.1.8 Loss or theft of data and failure of data security systems

Aconex provides its construction collaboration solutions software via the internet. Aconex's products are designed to maintain the confidentiality and security of its customers' confidential and proprietary information that is stored on its systems, including highly valuable intellectual property, strategic business information and other confidential information. The Company's business may be adversely affected by the theft, destruction, loss, misappropriation or release of confidential customer data or intellectual property, and the networks and information systems of its third party service providers and customers may also be vulnerable to loss or theft. These activities may cause significant disruption to Aconex's systems and render its services unavailable for a period of time while data is restored. It may also lead to the unauthorised disclosure of the data of Aconex's customers which may subject Aconex to reputational damage, claims by its customers, termination of contracts, regulatory scrutiny and fines.

Aconex may be unable to anticipate theft or corruption or implement adequate preventative or reactionary measures. Any accidental or wilful security breaches or other unauthorised access to Aconex's clients' data would have significant impacts on the Aconex business and its ability to maintain and attract new business.

5.1.9 Migration to a new data provider and reliance on that provider

Aconex is in the process of migrating most of its hosting infrastructure from various third party data centres to one new third party providing a managed hosting service, with data centres located in each of the regions in which Aconex operates. The migration is expected to take up to 2 years. Once complete, most of Aconex's key hosting services will be provided by a single external vendor.

There is a risk that the third party data provider may fail to adequately deliver Aconex's products and the transition to the new provider may result in interruptions or delays in access to Aconex's products. Aconex's level of service delivery will be dependent on the performance of its data provider and risks facing the third party data provider such as service disruptions, damage to its facilities, loss or theft of data and failure of data security systems, may adversely affect the Company's product delivery and business operations.

In the event that the third party data provider arrangements are terminated, or there is a lapse or interruption of service, or damage to the third party data provider's facilities, Aconex may experience interruptions in access to its products as well as delays, and incur additional expenses in arranging new data provider services. Aconex may not be entitled to recover all of these potential losses under the relevant third party contract. Any disruption to the services provided by Aconex's key third party data provider, which may be out of the control of Aconex, may materially disrupt its business operations and affect its financial performance and position.

5.1.10 Dependence on the strength of the construction industry

Aconex's core construction collaboration solutions software product targets the construction industry. As such, economic trends that negatively affect the construction industry may adversely affect the Company's business by reducing the number of new projects being undertaken that Aconex may service or target to service. Downturns in the construction industry may also reduce the amount that potential customers may be willing to spend on Aconex's construction collaboration solutions. A significant downturn in the construction industry may have a material adverse effect on Aconex's business, financial condition, results of operations and prospects.

5.1.11 Failure to adapt to new technologies

The online construction collaboration solutions industry is characterised by rapid changes in technology, new evolving standards and new product and service introductions. Aconex's future business prospects will depend on its ability to anticipate and respond to technological changes. Aconex may not be able to successfully respond to new technological developments or identify and respond to new market opportunities, products or services offered by its competitors. In addition, Aconex's efforts to respond to technological innovations may require significant capital investments and resources. Failure to keep up with future technological changes could harm its business, financial condition and operational results.

5.1.12 Failure to meet forecasts

The forward looking statements, opinions and estimates provided in this Prospectus, including the Forecast Financial Information, rely on various contingencies and assumptions, some of which are described in Section 4. Various factors, both known and unknown, may impact upon the performance of Aconex and cause actual performance to vary significantly from expected results. There can be no guarantee that Aconex will achieve its stated objectives or that any forward looking statement or forecast will eventuate.

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5.1.13 Potential tax exposure in Algeria

The Company's Algerian subsidiary, Eurl Aconex Magreb, has been incurring losses, has no employee base and, when it was operational, had one customer to support. Accordingly, the subsidiary is currently being liquidated by Aconex. The Algerian taxation authority has imposed tax levies and penalties totalling approximately A$1,252,424 on Eurl Aconex Magreb. The Company intends to dispute the assessment and is actively pursuing discussions with the Algerian taxation authority. Aconex has recorded a provision against this exposure in an amount of approximately A$237,000, which is the amount required to be paid to lodge a formal dispute to the Algerian tax authority, and discloses a contingent liability in its FY14 accounts for the full amount of the assessment. While the Company reasonably believes the final Algerian tax liability associated with the liquidation of Eurl Aconex Magreb will not exceed the provisioned amount of A$237,000, there is a risk that the Company's actual exposure could be greater than this amount. If this is the case, part or all of the Company's contingent liability will realised and the Company will suffer a loss.

5.1.14 Loss of key members of senior management team

Aconex's success depends to a significant extent on its key personnel, in particular the senior management team discussed at Section 5. The Company's senior management have extensive experience in, and knowledge of, the construction collaboration solutions Industry. The loss of key members of senior management may adversely affect Aconex's ability to develop its products or implement its business strategies and may adversely affect its future financial performance.

5.1.15 Failure to effectively manage anticipated future growth

Aconex expects to experience rapid growth in the scope of its operating activities, which is likely to include operating in new markets. This growth is anticipated to result in an increased level of responsibility for both existing and new management personnel. Further, as Aconex's operations grow it is expected that Aconex will need to continually improve and upgrade its information technology systems and business solutions, which will require significant expenditures and allocation of valuable management resources.

If Aconex is unable to manage its expected growth successfully, including through the recruitment, training, integration and management of the personnel required to support its expected growth, it may not be able to take advantage of market opportunities, satisfy customer requirements, execute its strategic plans or respond to competitive threats.

5.1.16 Failure to protect intellectual property rights

Aconex may fail to protect its intellectual property rights for a number of reasons, and certain aspects of its core product may be difficult to protect for reasons including the use of open source code. Monitoring unauthorised use of Aconex's intellectual property is difficult and may require the commitment of a large amount of financial resources. Aconex may be unable to detect the unauthorised use of its intellectual property rights.

Actions taken by Aconex to protect its intellectual property may not be adequate or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar software solutions by others.

The laws of some countries in which the Company operates may not protect Aconex's intellectual property and changes in laws in Australia and other countries may adversely affect its intellectual property rights.

If there has been a failure to protect Aconex's intellectual property, Aconex may need to initiate litigation, such as infringement or administrative proceedings, to assert and protect its intellectual property rights. Litigation can be costly, lengthy and unpredictable and may result in an unfavourable determination against Aconex. Any failure to adequately protect intellectual property rights may adversely affect Aconex's future financial performance.

5.1.17 Intellectual property infringement claims from third parties or employees

There is a risk that other parties may develop substantially similar products, processes, or technologies to those used by Aconex and those other parties may allege that its products use intellectual property derived from those third parties without their permission. Aconex may be subject to claims from time to time that it has infringed a third party's intellectual property rights. If these allegations are successful, injunctions may be granted against Aconex which could materially affect the operation of its products, and consequently have a negative impact on its business.

5.1.18 Country-specific risks in foreign operations

Aconex has operations in a number of overseas jurisdictions and is exposed to a range of different legal and regulatory regimes. This gives rise to risks relating to labour practices, foreign ownership restrictions, tax regulation, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime and other issues in foreign jurisdictions in which Aconex operates.

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Some of the countries in which Aconex does business, including Israel, Iraq and Libya, are currently experiencing political and social instability and others, including Fiji, Indonesia and Kuwait, have from time to time experienced instability. Certain other countries in which Aconex operates have also been subject to a number of destabilising events such as terrorist attacks, which have led to economic, social and political volatility. There can be no assurance that further instability will not occur in the future, which could interrupt or adversely affect parts of Aconex's business, the business of its customers or the business of its service providers, in which case the Company's financial condition, results of operations and prospects may be materially and adversely affected.

5.1.19 Risks relating to past and future acquisitions

Aconex expects to make future strategic acquisitions in circumstances where the Directors believe that those acquisitions support its growth strategy. This growth may place significant demands on management, information reporting resources, and financial and internal controls and systems. Effective management of Aconex's growth will require, among other things, continued development and appropriate resourcing of its management information reporting systems and financial and internal controls. In addition to the significant demands placed on management, systems and processes, there are a range of risks associated with strategic acquisitions, including that:

- Aconex may not be able to identify suitable acquisition candidates at attractive valuations and obtain financing to fund such acquisitions;
- one or more past or future acquisitions may result in Aconex incurring significant debt and unknown or contingent liabilities, being or becoming liable for unforeseen costs or incurring damage to its reputation, for example, as a result of transactions effected by acquired businesses prior to their acquisition, litigation commenced against acquired businesses. Reasonable due diligence enquiries may not identify all issues in relation to acquired businesses;
- Aconex could suffer a loss in relation to an acquisition for which it cannot recover under the relevant acquisition agreement, for example if no warranty or indemnity protection was provided, the basis of a claim does not fall within any of the warranties contained in the agreement, or the time period for bringing a claim has expired or if the relevant seller does not have the funds to satisfy a claim which Aconex has made;
- legal restrictions or regulatory intervention may limit the ability of Aconex to complete strategic acquisitions in a timely manner, or at all;
- Aconex may fail to achieve expected synergies and costs savings in relation to an acquisition;
- customers and key employees of acquired companies may not be retained after completion of the acquisition; and
- the customer contracts of acquired businesses may contain unusual or onerous terms, including termination rights.

Any of the above factors, either individually or in combination, may have a material adverse effect on Aconex's future financial performance and position.

5.2 General risks of an investment in Aconex

5.2.1 Economic conditions and financial market conditions may deteriorate

Aconex is dependent on global economic conditions and the global economic outlook, and on the economic conditions and outlook in its key markets and the construction industry generally. Economic conditions may be affected by levels of business spending, inflation, interest rates, consumer confidence, access to debt and capital markets and government fiscal, monetary and regulatory policies. A prolonged downturn in general economic conditions may have a material adverse impact on Aconex's trading and financial performance.

5.2.2 Exposure to foreign exchange rates

Aconex's financial reports are prepared in Australian dollars. However, a substantial proportion of the Company's sales revenue, expenditures and cash flows are generated in various other currencies, including United States dollars. Further, as Aconex expands its operations it is expected that it will be exposed to additional currencies. Any adverse exchange rate fluctuations or volatility in the currencies in which Aconex generates its revenues and cash flows, and incurs its costs, would have an adverse effect on its future financial performance and position.

5.2.3 The price of Shares may fluctuate

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX, even if the Company's earnings increase.

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Some of the factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which Aconex operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters.

5.2.4 Changes in laws, including tax laws and accounting standards

Aconex is subject to local laws and regulations in each of the jurisdictions in which it operates. Future laws or regulations may be introduced which directly or indirectly impact on Aconex's business in the countries in which it operates, which could restrict or complicate the Company's activities and significantly increase its compliance costs.

Any changes to taxation laws, regulations or policies in jurisdictions in which Aconex operates may also adversely affect Shareholder returns. In particular, an international review led by the OECD is currently exploring changes to the international tax laws governing payments between jurisdictions. This review includes consideration of changes to the tax treatment of payments for the use of intangibles which may be relevant to Aconex.

Aconex's future success depends on the continued use of the internet as a primary medium for commerce, communication and business applications. Government regulation of the internet and e-commerce is evolving and changes in laws and regulations affecting the use of the internet as a commercial medium may require Aconex to modify its products to comply with these changes. In addition, governments may impose taxes or fees or other charges for accessing the internet or commerce conducted via the internet. These laws or changes could limit the growth of e-commerce or communications generally or reduce the demand for internet-based solutions. They may also result in Aconex's failure to comply with regulations and harm its business performance and operating results.

5.2.5 Trading in Shares may not be liquid

There can be no guarantee that an active market in the Shares will develop. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

5.2.6 Risk of Shareholder dilution

In the future, Aconex may elect to issue Shares or securities convertible into Shares to fund, or raise proceeds, for acquisitions the Company may decide to make. While Aconex will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of future issues of Shares or other securities.

5.2.7 Litigation risk

In the ordinary course of its business, Aconex is subject to the risk of litigation and other disputes with its employees, clients, regulators, partners, competitors or other third parties. Proceedings may result in high legal costs, adverse monetary judgements and/or damage to Aconex's reputation, which could have an adverse effect on the financial performance of its business.

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6 Key People, Interests and Benefits

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Location: London, U.K.

aconex

6. Key People, Interests and Benefits

6.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience. The Board intends to appoint an additional Independent Non-Executive Director following Completion of the Offer.

As at the Prospectus Date, Keith Geeslin is a Director. Mr Geeslin will retire as Director on Completion of the Offer.

6.1.1 Experience and background

Director	Experience
 **Adam Lewis** ***Independent Non-Executive Chairman***	Adam Lewis spent 20 years at McKinsey & Company, advising major enterprises and governments in Australia and New Zealand, Asia, Europe and North America. A partner at the firm for 14 years, he had a wide-ranging client portfolio across the steel, mining, chemicals, retail, telecommunications and retail banking industries. He was managing partner of McKinsey in Australia and New Zealand and a member of the firm's Asia Council and global director-election committee. Since leaving McKinsey in 2010, Mr Lewis has established two successful advisory firms, Chop Wood Carry Water and Cast Professional Services. He serves on the advisory council of FIIG Securities and the public policy committee of the Grattan Institute, is chairman of Southern Innovation and an adviser to a number of other start-up companies. Mr Lewis holds an M.B.A. degree in Finance from the University of Illinois at Urbana-Champaign and a Bachelor of Engineering and Electronics degree from Curtin University of Technology.
 **Leigh Jasper** ***Chief Executive Officer, Executive Director and Co-Founder***	CEO Leigh Jasper co-founded Aconex in 2000 with Rob Phillpot, now senior vice president of product and engineering and a Director. Together, they have raised approximately $86 million in private equity investment and grown the Company to more than 400 employees located in 41 offices worldwide. Mr Jasper's principal responsibilities as CEO consist of overseeing the Company's vision, strategy, operations and growth. He is also a Director. Prior to co-founding Aconex, he was a business analyst at McKinsey & Company, where he consulted to clients in the financial services, media, information technology, and consumer goods segments. These projects focused on e-commerce strategy, e-commerce mergers and acquisitions, business growth strategy and operations performance improvement. Prior to McKinsey, Mr Jasper worked on similar projects at A.T. Kearney. He holds a Bachelor of Engineering degree with First Class Honors, a Bachelor of Science degree in Mathematics and a Diploma of Modern Languages in French from the University of Melbourne.
 **Rob Phillpot** ***Executive Director, Senior Vice President, Product & Engineering and Co-Founder***	Co-founder Rob Phillpot is senior vice president of product and engineering, responsible for product vision, strategy and management. He has been instrumental in developing the Company's business on a global scale and ensuring that Aconex solutions deliver a superior customer experience to customers and users. Before founding Aconex in 2000 with CEO and Director Leigh Jasper, he managed document control, quality and trades on a site team at Brookfield Multiplex. Prior to Brookfield Multiplex, Mr Phillpot was an auditor at Deloitte & Touche in Australia. He holds a Bachelor of Commerce degree, a Bachelor of Planning and Design degree with Honors and a Master of Building degree from the University of Melbourne.

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Director	Experience
 **Keith Toh** ***Non-Executive Director***	Keith Toh is a private investor and the founder and owner of Boost, a social discovery business. He is a Venture Partner at Novo Tellus Capital Partners, a Singapore-based investment firm. Keith was formerly Principal at Francisco Partners, where he focused on enterprise software and international technology investments. Prior to Francisco Partners, he was an enterprise software product lead and senior consultant at Trilogy. Mr Toh has held research roles at Stanford University in the field of semiconductor lasers and at the Ministry of Defense of Singapore in the fields of artificial intelligence and operations research. Mr Toh holds a Bachelor of Science in Electrical Engineering degree from Stanford University, where he graduated with the combined faculty Deans' Award for Academic Achievement.
 **Paul Unruh** ***Independent Non-Executive Director***	Paul Unruh's 25 year career at Bechtel began in 1978, when he joined as manager of financial systems development, and culminated in 2003, when he retired as vice chairman and member of the three-person senior management group. In the latter role, he was responsible for Bechtel's service organisations, including information systems and technology, finance, legal, external affairs and shared services. During his tenure at Bechtel, he also served as chief financial officer, controller and treasurer. From 1997 to 2001, Mr Unruh was president of Bechtel Enterprises, the project finance, development and investment arm of the company, with more than $40 billion in projects developed and financed. During this period, he was lead entrepreneur and a founding board member of Genuity, later sold to GTE, and a founding board member of InterGen, a Shell-Bechtel joint venture which grew to a multi-billion-dollar asset delivering 22,000 megawatts of power. Mr Unruh is a senior adviser at TeleSoft Partners and serves on the boards of Symantec Corporation, Heidrick & Struggles International and Move, Inc. He is a certified public accountant and holds M.S. and B.S.B.A. degrees in Accounting from the University of North Dakota.
 **Simon Yencken** ***Independent Non-Executive Director***	Simon Yencken joined the Board in 2008 and served as chairman from 2011 to 2014. He is currently chief executive officer and co-founder of Fanplayr, which enables online merchants to increase conversions by using Big Data and business intelligence. In addition to Fanplayr, Mr Yencken co-founded NextSet Software, which was acquired by Razor Risk Technologies prior to the latter's acquisition by TMX. He served on the boards of Razor Risk Technologies and TIBCO Software, where he was also chief executive officer of TIBCO Finance. Previously, he was managing director of Reuters Financial Enterprise Systems and a member of the Reuters Group executive committee, and earlier served as general counsel and corporate secretary of Reuters Group. Prior to Reuters, Mr Yencken was a partner of Freehills, a leading law firm in Australia. He holds a Bachelor of Law degree and a Bachelor of Science degree in Mathematics from Monash University.
 **Keith Geeslin** ***Independent Non-Executive Director***	Keith Geeslin is a partner at Francisco Partners, which he joined in 2004. Previously, he had been at Sprout Group, the venture capital arm of Credit Suisse's asset management business, since 1984 and served as a general partner since 1988. Mr Geeslin was general manager of a division of Tymshare (NYSE: TYM), a provider of public computer and network services, and held various positions at its Tymnet subsidiary from 1980 to 1984. Earlier, he had been a staff member of the US Senate Commerce Committee. Mr Geeslin currently serves on the boards of CommVault Systems (NASDAQ: CVLT), Synaptics (NASDAQ: SYNA), Source Photonics, and Cross Match Technologies. He holds Master's degrees from Stanford University and Oxford University and a Bachelor of Science degree in Electrical Engineering from Stanford University. Keith Geeslin will retire as a Director on Completion of the Offer.

The composition of the Company's Board committees and a summary of its key corporate governance policies are set out in Section 6.4.

6.2 Senior management of Aconex

Profiles of the Company's management team (excluding Leigh Jasper and Rob Phillpot) are set out below.

Senior Management	Experience
 **Stephen Recht** ***Chief Financial Officer***	Steve Recht is responsible for finance and accounting operations, legal services, human resources and administration at Aconex. He has over 30 years of experience as a chief executive officer, chief operating officer and chief financial officer of both venture-backed private and public companies across the e-commerce, software, SaaS, and hardware segments. As a chief financial officer, he has led two successful initial public offerings, two mergers and numerous venture and debt financings. Before joining Aconex in 2012, Mr Recht was chief financial officer of Delivery Agent, Glam Media and Shutterfly, which went public in 2006. Previously, he was chief operating officer of SkyStream Networks, chief executive officer of Brience (acquired by TSI Telecommunications), and chief financial officer of Allegis and NetGravity, which went public in 1998 and merged with Doubleclick in 1999. Mr Recht currently serves on the board of directors of Sizmek and has served on the boards of Modius and Marimba (acquired by BMC Software), where he chaired the audit committee. He holds an M.B.A. degree from The Wharton School of the University of Pennsylvania and an A.B. degree in Economics from Stanford University.
 **Paul Perrett** ***Chief Operating Officer***	As COO, Paul Perrett has leadership for all the global operational functions including service delivery and sales operations. Additionally, he has direct oversight of the ANZ and Asia regional businesses. Since joining Aconex in 2007, Mr Perrett has been instrumental in establishing the infrastructure, business processes and team which underpin the global business that Aconex operates today. He has also been heavily involved in the growth of the Middle East business and more recently spent 2 years based in San Francisco, working with the local team to expand the presence of Aconex in the North America market. Prior to Aconex, Mr Perrett held a series of general management positions in brand services, strategy and product management at Melbourne IT, a global provider of domain registration, web design, and email and web hosting services. While at Melbourne IT, he led the acquisition of two companies in New Zealand and Europe, respectively, and managed the post-acquisition integration of one company. Previously, Mr Perrett served as a s consultant at L.E.K. Consulting, a global business strategy firm serving private-sector clients across multiple industry segments, as well as the public sector. His consulting practice at L.E.K. focused on near-term corporate strategy and mergers and acquisitions. Mr Perrett holds a Bachelor of Chemical Engineering degree from the University of New South Wales with First Class Honors.
 **David Chatterton** ***Chief Information Officer***	Dr. David Chatterton is responsible for global information technology and operations at Aconex. He oversees the infrastructure that supports Aconex's SaaS applications and global corporate IT. Mr Chatterton joined Aconex in 2007 as engineering manager and was promoted to CTO in 2008. He has since led the company's transition to Agile software development methodology and he drove the certification of Aconex operations in compliance with the ISO 27001 information security standard. In November 2013, Mr Chatterton moved into the CIO role to focus on operations. Prior to Aconex, Mr Chatterton held engineering management positions at Adacel Technologies, RLM and Silicon Graphics, where he directed teams that designed and developed operating systems for trusted computing, heterogeneous clustered file system products, and performance monitoring tools using 2D and 3D visualization techniques. Mr Chatterton earned Ph.D., Bachelor of Computing and Bachelor of Science degrees in Computer Science from Monash University. He has lectured on the C++ programming language, object-oriented programming and design patterns.

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Senior Management	Experience
 **Andrew Savitz** ***Chief Marketing Officer***	Andrew Savitz joined Aconex in 2014 to lead all aspects of the Company's global marketing efforts. Mr Savitz brings more than 20 years of marketing management experience in enterprise software and cloud solutions. Prior to joining Aconex, he was vice president of worldwide marketing at KXEN, a leader in predictive analytics and cloud applications for Big Data which was acquired by SAP. Before that, at salesforce.com, he led marketing efforts for the company's customer service and support solution. He also held management positions at PeopleSoft, webMethods and Edge Dynamics, and was an equity research analyst following CRM and enterprise software companies at Goldman Sachs and Robertson Stephens. Mr Savitz began his career as a consultant with Andersen Consulting (now Accenture), where he helped Siebel Systems launch its CRM solutions practice. Mr Savitz holds an M.B.A. degree with an emphasis in Finance and High Tech Strategy from the Anderson School of Management at the University of California, Los Angeles, and a B.S. in Mathematics with a specialisation in Computing from the same university.
 **Chris Dobbyn** ***Senior Vice President, Corporate Development***	Chris Dobbyn joined Aconex in 2008 to create and lead the corporate development function. Since then, he has driven a number of strategic growth initiatives, including mergers and acquisitions, new product development, channel partnerships and new market entry. Mr Dobbyn's 20-year career spans a range of operating management experience in product, sales, marketing, distribution and M&A. Prior to Aconex, he was a general manager at REA Group, Australia's leading real estate portal. Previously, Mr Dobbyn was general manager of products and marketing at Melbourne IT. He started his career at Ernst & Young, where he was audit manager for four years before moving on to management consulting at Cap Gemini. Mr Dobbyn is a Chartered Accountant and holds a Bachelor of Business degree.
 **Henry Jones** ***Senior Vice President, EMEA and Global Accounts***	Henry Jones is senior vice president, EMEA and Global Accounts. His responsibilities include the Company's business throughout the EMEA region and account relationships with the world's largest owners and contractors. Mr Jones joined Aconex in 2014 with 20 years of experience in general management, sales, marketing, and business development. Previously, he was senior vice president and global head of Tech and Tech Services at Axiom Global, an alternative legal services provider. He also served as senior vice president of the West Region and a member of the company's planning committee. Prior to Axiom, Mr Jones was vice president of the West Region at Satmetrix Systems, a provider of cloud-based enterprise feedback reporting solutions. He holds an M.B.A. degree from the Imperial College Business School and a Bachelor of Science degree from Edinburgh University.
 **James Cook** ***General Counsel***	James Cook is general counsel and company secretary, responsible for the legal and compliance functions at Aconex. He has been practicing law at technology companies in the US, Europe and Australia for over 14 years. These companies included Accenture and Hewlett-Packard, where he was responsible for executing large transactions within the private and public sectors. Mr Cook joined Aconex in 2008 and has supported the Company's first institutional capital funding, first acquisition, global expansion, corporate governance, and patent acquisition. He also served on the board of directors at Youth Substance Abuse Service, a not-for-profit agency. Mr Cook is admitted as an Australian Legal Practitioner in Victoria, Australia and is a member of the State Bar of California. He holds a Bachelor of Laws degree and a Bachelor of Science degree in Applied Mathematics from Monash University.

6.3 Interests and benefits

6.3.1 Executive and employee incentive arrangements

Aconex has established a number of incentive arrangements to enable the attraction, motivation and retention of management and employees of Aconex.

For the executive team, the remuneration packages in FY15 will consist of:

- Fixed remuneration;
- The Company's legacy share option plan (**ESOP**); and
- Cash-based short term incentives.

Existing arrangements under the legacy ESOP will continue following Listing. Please see Section 6.3.1.1 for further details.

The cash-based short term incentives are subject to achievement of performance criteria or hurdles set and assessed by the Board. Awards under the ESOP are subject to time-based criteria.

The key components of the cash-based short term incentive are:

- Participants are entitled to receive up to a contractually agreed amount as an annual cash bonus;
- Payment of an annual cash bonus is discretionary and determined by the Board based on individual measures and business performance against key performance indicators; and
- Key performance indicators are set every year and may include measures such as revenue, EBITDA and growth targets.

The Board intends to adopt an equity incentive plan (**Plan**); however the Board does not intend to make any offers under the Plan in FY15. The Board expects to make offers under the Plan in FY16.

The Remuneration and Nomination Committee recommends to the Board the remuneration packages for the CEO's direct reports. It is intended that these will be reviewed annually. The Remuneration and Nomination Committee may seek external advice to determine the appropriate level and structure of the remuneration packages from time to time.

Shareholders have approved the provision of benefits as summarised in this Section 6.3 to current or future members of the Group's key management personnel, and current or future Directors, on cessation of their employment.

6.3.1.1 Share Option Plan

Legacy ESOP grants

The Company established a share option plan in 2006 (**ESOP**).

Leigh Jasper and Rob Phillpot were previously granted Options under the ESOP and they will continue to participate in the ESOP following Listing.

Mr Jasper has been granted the following Options under the ESOP as at 30 September 2014.

Calendar year granted	Number of Options	Vested	Exercise price	Last exercise date
2008	250,000	250,000	A$1.42	Exercised
2009	250,000	250,000	A$0.95	30 September 2015
2010	220,000	220,000	A$0.95	31 August 2016
2011	220,000	165,000 vested 55,000 unvested (of which approximately 4,583 vest each month for the next 12 months)	A$1.05	31 August 2017
2012	220,000	96,250 vested 123,750 unvested (of which approximately 3,437 vest each month for the next 3 years)	A$1.10	31 August 2018
2013	242,000	242,000 unvested (of which 60,500 vest on 1 December 2014 and approximately 3,781 vest each month for the 4 years following 1 December 2014)	A$1.30	9 November 2019

Mr Jasper has exercised all of the Options granted to him in 2008, resulting in the issue to Mr Jasper of 250,000 Shares for total consideration of $355,000.

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Mr Phillpot has been granted the following Options under the ESOP as at 30 September 2014.

Calendar year granted	Number of Options	Vested	Exercise price	Last exercise date
2008	125,000	125,000	A$1.42	Exercised
2009	125,000	125,000	A$0.95	30 September 2015
2010	100,000	100,000	A$0.95	31 August 2016
2011	155,000	116,250 vested 38,750 unvested (of which approximately 3,229 vest each month for the next 12 months)	A$1.05	31 August 2017
2012	155,000	77,500 vested 77,500 unvested (of which approximately 3,229 vest each month for the next 2 years)	A$1.10	31 August 2018
2013	155,000	155,000 unvested (of which 38,750 vest on 10 December 2014 and approximately 3,229 vest each month for the next 3 years following 10 December 2014)	A$1.20	9 November 2019

Mr Phillpot has exercised all of the Options granted to him in 2008, resulting in the issue to Mr Phillpot of 125,000 Shares for a total consideration of $177,500.

The terms of the ESOP are summarised below.

ESOP rules

Employees of Aconex or related bodies corporate or any other persons determined by the Board are entitled to participate in the ESOP.

Subject to vesting, each Option entitles the holder to subscribe for one Share.

The ESOP rules provide that a participant:

- may not sell, transfer, mortgage, charge or otherwise deal with the Options;
- may exercise Options by lodging with the Company a signed notice of exercise, including payment of the exercise price; and
- must exercise Options in multiples of 100.

Shares issued on the exercise of Options will rank equally in all respects with the Shares, including in relation to voting rights and entitlement to dividends.

The Board may determine in its absolute discretion that an Option will vest and may be exercised if a change of control occurs.

A participant cannot participate in new issues prior to the exercise and registration of the Shares in the name of the participant. However, the ESOP rules include specific provisions dealing with bonus issues, rights issues and reorganisations.

If a participant ceases employment due to:

- resignation, retirement or redundancy, unless the Board determines otherwise:
  - all Options that are vested may be exercised by the participant during a 30 day period following the date of cessation of employment, and after that time will lapse; and
  - all other Options will lapse; or
- death or permanent disability, unless the Board determines otherwise:
  - all Options that are vested may be exercised by the participant during a 6 month period following the date of cessation of employment, and after that time will lapse; and
  - all other Options will lapse.

In all other circumstances, the Options will lapse on the date of cessation, unless the Board determines otherwise.

The Options issued to Mr Jasper in 2012 and 2013 are subject to additional terms and conditions for US option grants (including that vesting will be suspended during any unpaid leave of absence, and an exercise notice providing the Company with the first right of refusal to purchase any shares held by the participant).

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6.3.1.2 Equity incentive plan

The Board intends to adopt the Plan in order to facilitate remuneration arrangements for Aconex's senior management and enhance the alignment of their interests with those of Shareholders. The Board does not intend to make any offers under the Plan in FY15; however, the Board expects to make offers under the Plan in FY16.

Features of the Plan

The rules of the Plan (**Plan Rules**) provide the framework under which the Plan and individual grants will operate.

The key features of the Plan are outlined below.

Eligibility	Offers may be made at the Board's discretion to employees of Aconex and its related bodies corporate or any other persons that the Board determines to be eligible to receive a grant under the Plan, including the Executive Directors.
Types of securities	The Plan Rules provide flexibility for the Board to grant one or more of the following securities as incentives, subject to the terms of individual offers: • rights; • options; and • restricted shares, (**Incentive Securities**). Options are an entitlement to receive a Share, subject to the participant meeting applicable conditions and upon payment of any applicable exercise price. Subject to meeting applicable conditions, rights and restricted shares are an entitlement to receive a Share for no consideration.
Offers under the Plan	The Board may make offers at its discretion and any offer documents must contain the information required by the Plan Rules. The Board has the discretion to set the terms and conditions on which it will offer rights, options and restricted shares in individual offer documents. Offers must be accepted by the participant and can be made on an opt-in or opt-out basis.
Issue price	Unless the Board determines otherwise, no payment is required by the participant for a grant of a right, option or restricted share under the Plan, as the grant will constitute part of the participant's remuneration.
Performance conditions and vesting	The vesting and/or exercise of Incentive Securities will be conditional on the satisfaction of performance and/or service conditions (depending on the nature of the award) as determined by the Board and advised to the participant at the time of the grant. Subject to the Plan Rules and the terms of the specific offer document, any rights, options or restricted shares will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating employee ceases employment.
Clawback and preventing inappropriate benefits	The Plan Rules provide the Board with broad 'clawback' powers if, amongst other things: • the participant has acted fraudulently or dishonestly, has breached their duties, or the Company is required or entitled under law or company policy to reclaim remuneration from the participant; or • the participant's entitlements vest as a result of the fraud, dishonesty or breach of duty or obligations of any other person and the Board is of the opinion that the Incentive Securities would not have otherwise vested.
Change of control	The Board may determine that all or a specified number of a participant's Incentive Securities will vest or cease to be subject to restrictions on a change of control event in accordance with the Plan Rules.
Other terms	The Plan contains customary and usual terms for dealing with administration, variation, suspension and termination of the Plan.

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6.3.2 Senior management remuneration

6.3.2.1 Leigh Jasper's remuneration as Chief Executive Officer and Executive Director

Employer	Aconex Limited.
Total fixed remuneration	Under the terms of his employment agreement, Mr Jasper is entitled to annual fixed remuneration of $425,250, inclusive of superannuation. Mr Jasper is also entitled to reimbursement of reasonable work-related expenses.
Cash-based short term incentives	In addition to his fixed remuneration, Mr Jasper is entitled to a discretionary annual cash bonus of up to $161,290, inclusive of superannuation. In FY14 Mr Jasper received a cash bonus of $111,705.
Participation in the ESOP and the Plan	Please refer to sections 6.3.1.1 and 6.3.1.2 for details of Mr Jasper's participation in the ESOP and the Plan and Options held under the ESOP.
Termination	The term of Mr Jasper's employment is ongoing. Either party may terminate Mr Jasper's employment at any time by giving 12 months' notice, in which case the Company may elect to make a payment in lieu of part or all of the notice period. Aconex may terminate Mr Jasper's employment immediately if, in the Company's reasonable opinion, Mr Jasper has been guilty of serious, wilful or persistent misconduct. In the event of termination without cause, Mr Jasper will be entitled to outstanding pay, leave balances, payments in lieu of notice and legally required severance pay only. In the event of termination for cause, Mr Jasper will be entitled to outstanding pay and leave balances only. In certain circumstances, including if Mr Jasper's employment agreement is terminated for cause or for certain other specified reasons, any unvested Options which Mr Jasper is entitled to, and which would vest within 6 months following termination, will vest automatically on the termination date.
Restraint	Mr Jasper's employment agreement also includes a restraint of trade clause, which operates in Australia for a maximum period of 12 months. The enforceability of the restraint of trade clause is subject to the usual legal requirements and restrictions.

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6.3.2.2 Rob Phillpot's remuneration as Executive Director and Senior Vice President, Product & Engineering

Employer	Aconex Limited.
Total fixed remuneration	Under the terms of his employment agreement, Mr Phillpot is entitled to annual fixed remuneration of $287,985, inclusive of superannuation. Mr Phillpot is also entitled to reimbursement of reasonable work-related expenses.
Cash-based short term incentive	In addition to his fixed remuneration, Mr Phillpot is entitled to a discretionary annual cash bonus of up to $70,000, inclusive of superannuation. In FY14, Mr Phillpot received a cash bonus of $51,295.
Participation in the ESOP and the Plan	Please refer to sections 6.3.1.1 and 6.3.1.2 for details of Mr Phillpot's participation in the ESOP and the Plan and Options held under the ESOP.
Termination	The term of Mr Phillpot's employment is ongoing. Either party may terminate Mr Phillpot's employment at any time by giving 12 months' notice, in which case the Company may elect to make a payment in lieu of part or all of the notice period. Aconex may terminate Mr Phillpot's employment immediately if, in the Company's reasonable opinion, Mr Phillpot has been guilty of serious, wilful or persistent misconduct. In the event of termination without cause, Mr Phillpot will be entitled to outstanding pay, leave balances, payments in lieu of notice and legally required severance pay only. In the event of termination for cause, Mr Phillpot will be entitled to outstanding pay and leave balances only. In certain circumstances, including if Mr Phillpot's employment agreement is terminated for cause or for certain other specified reasons, any unvested Options which Mr Phillpot is entitled to, and which would vest within 6 months following termination, will vest automatically on the termination date.
Restraint	Mr Phillpot's employment agreement also includes a restraint of trade clause, which operates in Australia for a maximum period of 12 months. The enforceability of the restraint of trade clause is subject to the usual legal requirements and restrictions.

6.3.3 Director remuneration

6.3.3.1 Non-Executive Director remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Non-Executive Director is entitled for his or her services as a Director. However, the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year, the amount fixed by the Company in general meeting. This amount has been fixed at $1,000,000.

For its initial year post Listing, the annual base Non-Executive Director fees currently agreed to be paid by the Company are $130,000 to the Chairman, $80,000 to each other Non-Executive Director and an additional $20,000 to the chair of the Audit, Business Risk and Compliance Committee. These amounts comprise fees payable in cash, Shares and Options (the cost of which will be amortised over the vesting period in accordance with International Financial Reporting Standards). In subsequent years, these figures may vary.

6.3.3.2 Deeds of indemnity, insurance and access for Directors

The Company has entered into a deed of indemnity, insurance and access with each Director which confirms the Director's right of access to certain books and records of the Company and its related bodies corporate while they are a Director and for a period of seven years after the Director ceases to hold office. The deeds of indemnity, insurance and access also require the Company to indemnify Directors to the full extent permitted by law against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate.

Pursuant to the Constitution, the Company may to the extent permitted by law, purchase and maintain insurance or pay or agree to pay a premium for insurance, for each Director against any liability incurred by the Director as an officer of the Company or of a related body corporate. Under the deeds of indemnity, insurance and access, the Company must maintain such insurance until seven years after a Director ceases to hold office as a director of the Company or a related body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

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6.3.3.3 Other information

Directors may be paid for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from Board or committee meetings or general meetings. Any Director who devotes special attention to the business of the Company or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.3.3.4 Directors' shareholdings

Directors are not required under the Constitution to hold any Shares, however the Board intends to put in place a policy that will require Non-Executive Directors to have a minimum shareholding in the Company in order to align the Directors' interests with other Shareholders. If the minimum shareholding has not been reached, then at least 20% of the relevant Non-Executive Director's director fees will be awarded in Shares (subject to requisite approvals).

The Directors' interests in Shares and other securities in the Company as at the Prospectus Date and upon Completion of the Offer (held either directly or through beneficial interests or entities associated with the Director) are set out below.

Directors	Ordinary Shares held as at the Prospectus Date	Converible Preference Shares held as at the Prospectus Date	Options held as at the Prospectus Date[1]	Shares held on Completion of the Offer	Options held on Completion of the Offer[1]
Adam Lewis (Independent Chairman)	-	2,857,680	598,875	2,857,680	598,875
Leigh Jasper (Executive Director and CEO)	14,379,032	1,000	1,152,000	13,025,700	1,152,000
Rob Phillpot (Executive Director and Co-Founder)	14,353,032	1,000	690,000	12,950,826	690,000
Keith Toh (Non-Executive Director)	-	-	-	16,000	-
Paul Unruh (Independent Non-Executive Director)	145,783	-	154,217	145,783	154,217
Simon Yencken (Independent Non-Executive Director)	340,000	2,352,080	120,000	2,311,917	120,000

Notes:

1. Includes vested and unvested Options.

The Directors are entitled to apply for Shares under the Offer. The above table does not take into account any Shares the Directors may acquire under the Offer.

As at the Prospectus Date, Keith Geeslin is a Director and does not hold any Shares or Options.

Mr Geeslin will retire as a Director on Completion of the Offer.

All of the Shares and Options held by the Directors on Completion of the Offer will be escrowed until the Company releases its results for the period ending 31 December 2015 to the ASX.

6.3.4 Interests of Directors, advisers and promoters

Sections 6.3.3.4, 6.3.5 and 9.9.1 outline the nature and extent of the interests and fees of certain persons involved in the Offer.

Other than as set out in this Prospectus:

- No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or to qualify as, a Director of the Company.
- None of the following persons:
  - a Director or proposed Director of the Company;
  - each person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
  - a promoter of the Company; or
  - an underwriter to the issue of the Shares,

holds or held at any time during the last two years an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- the Offer of the Shares,

or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of the Company or the Offer of the Shares.

6.3.5 Interests of advisers

- Macquarie Capital (Australia) Limited and UBS AG, Australia Branch, have acted as underwriters and joint lead managers to the Offer. The Company has agreed to pay the Joint Lead Managers the amount described in Section 9.9.1 in accordance with the terms of the Underwriting Agreement.
- Herbert Smith Freehills has acted as Australian legal adviser to the Company in connection with the Offer (excluding in relation to taxation and stamp duty matters). The Company has paid or agreed to pay $505,000 (excluding disbursements and GST) for such services up to the date of this Prospectus. Further amounts may be paid to Herbert Smith Freehills in accordance with its time-based charge-out rates.
- Ernst & Young Transaction Advisory Services Limited has acted as Investigating Accountant and has prepared the Independent Limited Assurance Report included in this Prospectus. For details of the fees Aconex has paid or agreed to pay Ernst & Young Transaction Advisory Services Limited, refer to the Financial Services Guide attached to the Independent Limited Assurance Report in Section 8. Further amounts may be paid to Ernst & Young Transaction Advisory Services Limited in accordance with its time-based charge-out rates.
- Ernst & Young has undertaken financial and taxation due diligence in relation to Aconex in connection with the Offer. Aconex has paid or agreed to pay approximately $1,062,000 (excluding disbursements and GST) for those services to the date of this Prospectus. Further amounts may be paid to Ernst & Young in accordance with its time-based charge-out rates.

Unless stated otherwise, all such payments have been paid or are payable in cash.

6.4 Corporate governance

Section 6.4 explains the main corporate governance policies and practices adopted by the Company. Details of Aconex's key policies and practices and the charters for the Board and each of its Committees are available at www.aconex.com.

The Board plays a key role in overseeing the policies, performance and strategies of the Company. It is accountable to the Company's members as a whole and must act in the best interests of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic objectives, plans and budgets of the Company. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance.

Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company. The Board sets the culture and ethical tone for the Company.

The main policies and practices adopted by the Company, which will take effect from Listing, are summarised below.

6.4.1 ASX Corporate Governance Principles and Recommendations

The Company is seeking a listing of its Shares on the ASX. The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations 3rd edition (**ASX Recommendations**) for ASX-listed entities in order to promote investor confidence and to assist listed entities in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines, designed to produce an outcome that is effective and of high quality and integrity. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report, or the URL of the page on its website where such a statement is located, disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where the Company does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

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The Company aims to comply with all of the ASX Recommendations from the time of its Listing, with the exception of ASX Recommendation 2.4. ASX Recommendation 2.4 provides that a majority of the board of a listed entity should be independent directors. On Listing, 3 of the Directors will be independent and 3 of the Directors will not be considered independent (including both of the Executive Directors, Leigh Jasper and Rob Phillpot, and Keith Toh). The Board considers that each of the non-independent Directors will add significant value given their considerable experience and skills, and will bring objective and independent judgement to the Board's deliberations.

6.4.2 Board appointment and composition

On Listing, the Board will be made up of 6 Directors, comprising:

- 3 independent Non-Executive Directors (including the Chairman);
- 1 non-independent Non-Executive Director; and
- 2 Executive Directors (Leigh Jasper and Rob Phillpot).

The Board intends to appoint an additional independent Non-Executive Director following Completion of the Offer.

As at the Prospectus Date, Keith Geeslin is a Non-Executive Director. Mr Geeslin will retire as a Director on Completion of the Offer.

The Board considers a Director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted materiality guidelines to assist it in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board.

The Board considers that each of Adam Lewis, Paul Unruh and Simon Yencken is free from any business or any other relationship that could materially interfere with the independent exercise of their judgement and is able to fulfil the role of an independent Director for the purposes of the ASX Recommendations.

The other Non-Executive Director, Keith Toh, is currently considered by the Board not to be independent by virtue of his prior role with Francisco Partners. The Board considers that Keith Toh will add significant value to Board deliberations with his considerable industry experience and mix of skills. The Board also considers that Mr Toh will bring objective and independent judgement to Board deliberations.

Leigh Jasper and Rob Phillpot are Executive Directors and are considered not to be independent.

6.4.3 Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition and processes;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- protect and optimise the Company's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure that Shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

Matters which are specifically reserved for the Board or its Committees include:

- appointment of a Chairman;
- appointment and removal of the Chief Executive Officer;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;

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- calling of meetings of Shareholders; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Chief Executive Officer). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.

Directors are entitled to request additional information at any time they consider it appropriate. The Board collectively, and each Director individually, may seek independent professional advice, subject to the approval of the Chairman.

A copy of the Board charter will be made available on Aconex's website at www.aconex.com.

6.4.4 Board committees

The Board may from time to time establish Committees to streamline the discharge of its responsibilities. The Board has established the following Committees:

- Audit, Business Risk and Compliance Committee; and
- Remuneration and Nomination Committee.

6.4.4.1 Audit, Business Risk and Compliance Committee

The Audit, Business Risk and Compliance Committee will assist the Board in carrying out its accounting, auditing, financial reporting and risk management responsibilities including to:

- oversee the Company's relationship with the external auditor and the external audit function generally;
- oversee the preparation of the financial statements and reports;
- oversee the Company's financial controls and systems; and
- manage the process of identification and management of financial risk.

The Committee's charter provides for the Committee to oversee the internal programs to evaluate risk management and internal control processes for managing risk and to review whether the appointment of an internal auditor is recommended. No internal auditor is currently appointed.

The Committee's charter provides that the Committee must comprise of only Non-Executive Directors, a majority of independent Directors, an independent chair who is not chair of the Board, and a minimum of three members of the Board. The Audit, Business Risk and Compliance Committee will comprise:

- Paul Unruh (chair);
- Simon Yencken; and
- Keith Toh.

Non-Committee members, including members of management and the external auditor, may attend meetings of the Committee by invitation of the Committee chair.

A copy of the Committee's charter will be made available on Aconex's website at www.aconex.com.

6.4.4.2 Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for matters relating to succession planning, remuneration and nomination of the Directors (including the Executive Directors).

The responsibilities of the Remuneration and Nomination Committee are as follows:

- assist the Board to develop a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chairman and Chief Executive Officer, having regard to the objective that the Board comprise Directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender;
- review and recommend to the Board the criteria for Board membership, including the necessary and desirable competencies of Board members and the time expected to be devoted by Non-Executive Directors in relation to the Company's affairs;
- review and recommend to the Board the composition and membership of the Board, including making recommendations for the re-election of Directors (subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves) and assisting the Board as required to identify individuals who are qualified to become Board members (including in respect of Executive Directors), in accordance with the policy outlined in the Board Charter;

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- assist the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing Director competencies;
- review and make recommendations in relation to any corporate governance issues as requested by the Board from time to time;
- review the Board charter on a periodic basis and recommend any amendments for the Board's consideration;
- ensure that an effective Director induction process is in place and regularly review its effectiveness and provide appropriate professional development opportunities for Directors;
- on an annual basis, review the effectiveness of the Company's Diversity Policy by assessing the Company's progress towards the achievement of its measurable objectives and any strategies aimed at achieving the objectives; and reporting to the Board recommending any changes to the measurable objectives, strategies or the way in which they are implemented; and
- in accordance with the Company's Diversity Policy, on an annual basis, review the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the Company, and submit a report to the Board, which outlines the Committee's findings or, if applicable, provide the Board with the Company's most recent indicators as required by the *Workplace Gender Equality Act 2012* (Cth).

The Committee's charter provides that the Committee must consist of only Non-Executive Directors, a minimum of three members, a majority of independent Directors and an independent Director as chair. The current members of the Committee are:

- Adam Lewis (chair);
- Simon Yencken; and
- Keith Toh.

Non-Committee members, including members of management, may attend all or part of a meeting of the Committee at the invitation of the Committee chair.

A copy of the Committee's charter will be made available on Aconex's website at www.aconex.com.

6.4.5 Corporate governance policies

The Board has adopted the following corporate governance policies (to take effect upon commencement of trading on the ASX), each having been prepared having regard to the ASX Recommendations and which are available on the Company's website at www.aconex.com.

6.4.5.1 Continuous Disclosure Policy

The Company places a high priority on communication with Shareholders and is aware of the obligations it will have, once listed, under the Corporations Act and the ASX Listing Rules, to keep the market fully informed of any information the Company becomes aware of concerning itself that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company has adopted a Continuous Disclosure Policy which establishes procedures to ensure that Directors and senior management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

6.4.5.2 Policy for Dealing in Securities

The Company has adopted a Policy for Dealing in Securities which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects the Company and Directors and employees against the misuse of unpublished information which could materially affect the value of securities. The policy applies to all Directors, officers, senior executives and employees of the Company and its related bodies corporate and their connected persons (as defined in the Policy) (referred to as **Relevant Persons**).

The policy provides that Relevant Persons must not deal in securities:

- when they are in possession of price-sensitive or 'inside' information or the Company is in possession of price-sensitive or 'inside' information and has notified them they must not deal in the Company's securities;
- on a short term trading basis (which excludes exercising rights under an equity plan and electing to immediately sell those shares issued on exercise of the rights); or
- during non-trading window periods (except in exceptional circumstances).

Otherwise, trading by Relevant Persons will only be permitted in trading windows (subject to advance notification) or in all other periods by:

- Directors (including the Chief Executive Officer) with prior approval from the Chairman;
- the Chairman with prior approval from the Board or the chair of the Audit, Business Risk and Compliance Committee; and
- senior executives with prior approval from the Chief Executive Officer.

6.4.5.3 Code of Business Ethics

The Company is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Business Ethics which outlines how Aconex expects its representatives to behave and conduct business in the workplace on a range of issues and includes legal compliance and guidelines on appropriate ethical standards. All employees of Aconex (including temporary employees, contractors and Directors) must comply with the Code of Business Ethics.

The Code is designed to:

- provide a benchmark for professional behaviour throughout Aconex;
- support Aconex's business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the policy.

6.4.5.4 Diversity Policy

The Board has formally approved a Diversity Policy in order to address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure.

The Board will include in the Annual Report each year a summary of the Company's progress towards achieving its measurable objectives set under the Diversity Policy for the year to which the Annual Report relates and details of its measureable objectives set under the Diversity Policy for the subsequent financial year.

6.4.5.5 Communications strategy

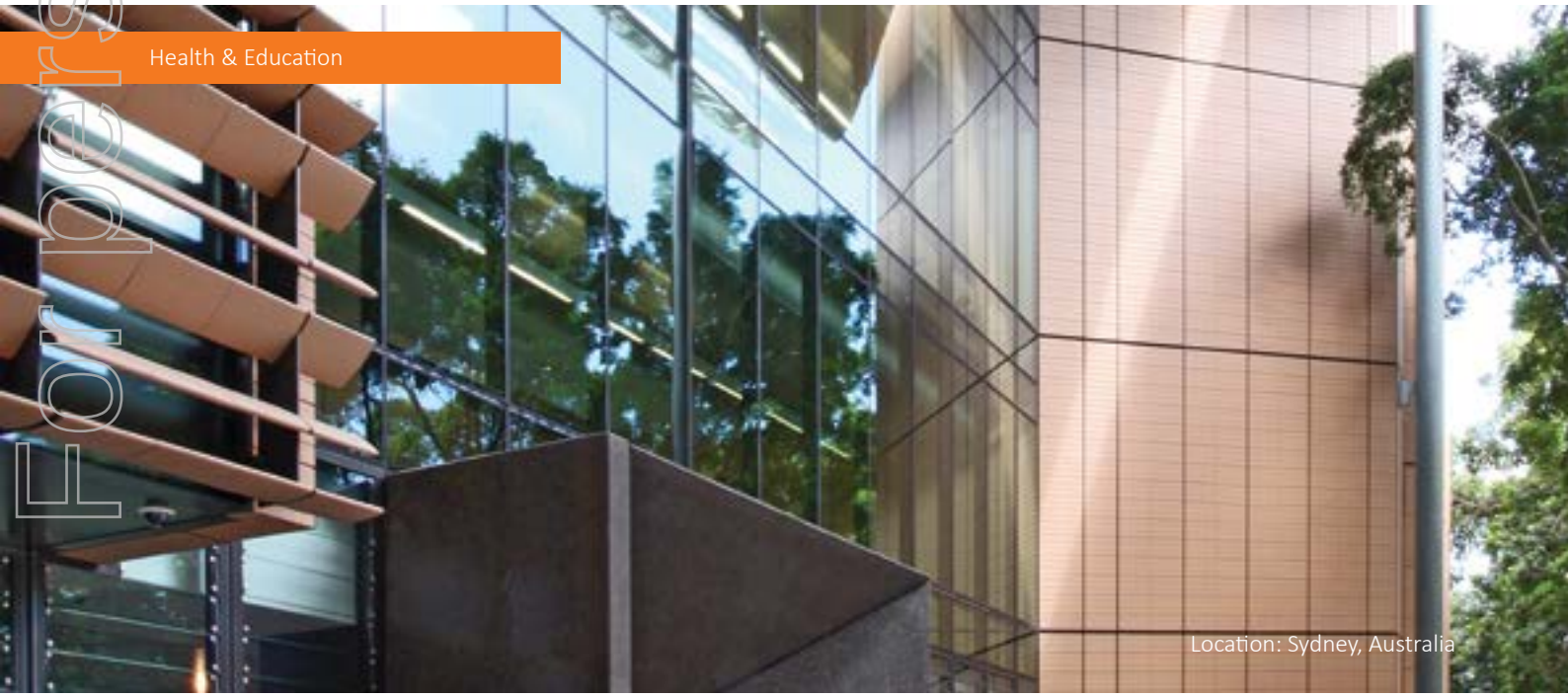
The Company's aim is to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of the Company. In addition to the Company's continuous disclosure obligations, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time and the Company will communicate this information regularly to Shareholders and other stakeholders through a range of forums and publications.

All ASX announcements made to the market, including annual and half year financial results, will be posted on the Company's website at www.aconex.com as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report, copies of media releases made by the Company and copies of all investor presentations made to analysts and media briefings will be posted on the Company's website. The website will also contain a facility for Shareholders to direct queries to the Company, and to elect to receive communications from the Company via email.

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7 Details of the Offer

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7. Details of the Offer

7.1 Introduction

This Prospectus relates to an initial public offering of 73.7 million Shares at an Offer Price of $1.90 per Share. The Shares offered under this Prospectus will represent approximately 45% of the Shares on issue at Completion of the Offer. The Offer is expected to raise approximately $140.0 million (comprising $50.0 million from the issue of Shares by the Company and $90.0 million from the sale of Shares by SaleCo).

The total number of Shares on issue at Completion of the Offer will be 164.4 million and all Shares will, once issued, rank equally with each other. There will also be 14.3 million Options on issue (including unvested Options) at Completion of the Offer. A summary of the rights attaching to the Shares is set out in Section 7.9.2.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 Structure of the Offer

The Offer comprises:

- the Retail Offer, consisting of:
  - the Broker Firm Offer, which is only open to Australian resident retail clients of Brokers who have received a firm allocation from their Broker; and
  - the Chairman's List Offer, which is open to selected investors who have received a Chairman's List Invitation; and
- the Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other overseas jurisdictions to apply for Shares.

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a Broker.

Details of:

- the Broker Firm Offer, and the allocation policy under it, are set out in Section 7.3;
- the Chairman's List Offer, and the allocation policy under it, are set out in Section 7.4; and
- the Institutional Offer, and the allocation policy under it, are set out in Section 7.5.

The allocation of Shares between the Broker Firm Offer, the Chairman's List Offer and the Institutional Offer is determined by the Company and the Joint Lead Managers.

The Offer has been fully underwritten by the Joint Lead Managers, Macquarie Capital (Australia) Limited and UBS AG, Australia Branch. A summary of the Underwriting Agreement, including the events which would entitle the Joint Lead Managers to terminate the Underwriting Agreement, is set out in Section 9.9.

7.1.2 Purpose of the Offer

The Offer is expected to raise gross proceeds of approximately $140.0 million. Assuming Completion of the Offer occurs on 9 December 2014, this amount, together with $10.9 million of existing cash on the balance sheet will be applied in accordance with the 'sources and uses of funds' table in Section 7.1.3.

The purpose of the Offer is to provide the Company with:

- a liquid market for its Shares;
- additional financial flexibility and access to capital markets, to assist it to pursue its corporate strategy;
- added benefits of an increased brand profile that arises from being a listed entity;
- the ability to better attract and retain quality staff;
- a suitable level of working capital to actively pursue growth strategies;
- more cost effective treasury management as the contribution of international regions increases; and
- flexibility to acquire discrete technology solutions and products that could complement the Aconex platform and product suite.

The Offer also provides the Selling Shareholders with an opportunity to realise part of their investment in Aconex.

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7.1.3 Sources and uses of funds

The following table details the Company's sources of funding (including the Offer) and the uses of those amounts, assuming Completion of the Offer occurs on 9 December 2014.

Sources	$ million	%	Uses	$ million	%
Offer proceeds from the sale of Shares	90.0	64.0%	Payment of proceeds from the sale of Shares to SaleCo[57]	90.0	64.0%
Offer proceeds from the issue of Shares	50.0	35.5%	Payment of costs of the Offer	7.3	5.2%
Proceeds from exercise of Options in connection with Offer	0.7	0.5%	Payment to Francisco Partners	27.3	19.4%
			Increase in cash and equivalents	16.2	11.5%
Total sources	**140.7**	**100.0%**	**Total uses**	**140.7**	**100.0%**

The Company expects to have a cash balance of $25.9 million after Completion of the Offer (net of payment of the costs of the Offer). The Company intends to use this cash balance as follows:

- Additional systems research and development- $4.5 million;
- Transition to new infrastructure as a service provider- $2.2 million;
- Internal systems development- $1.9 million;
- Incremental sales and marketing- $0.8 million; and
- General working capital- $6.8 million.

The Board retains the right to vary these uses of funds, acting in the best interests of Shareholders and as circumstances require.

7.1.4 Pro forma balance sheet

Aconex's pro forma balance sheet following Completion of the Offer, including details of pro forma adjustments, is set out in Section 4.3.

7.1.5 Shareholding structure

The Company expects its key Shareholders will have the following approximate shareholdings on the Prospectus Date and following Completion of the Offer.

Shareholder	Class A Preference Shares held as at the Prospectus Date	Converible Preference Shares held as at the Prospectus Date	Ordinary Shares held as at the Prospectus Date	Total Existing Shares held as at Prospectus Date[1]	Existing Shares held as at Prospectus Date (%)	Shares held on Completion of the Offer	Shares held on Completion of the Offer (%)
Francisco Partners	32,857,143	-	-	32,857,143	23.9%	-	-
Leigh Jasper	-	1,000	14,379,032	14,380,032	10.5%	13,025,700	7.9%
Rob Phillpot	-	1,000	14,353,032	14,354,032	10.5%	12,950,826	7.9%
Board of Directors[2]	-	5,209,760	485,783	5,695,543	4.1%	5,331,380	3.2%
Employees and Other Investors	-	59,802,053	10,230,648	70,032,701	51.0%	59,359,654	36.1%
Investors in the Offer	-	-	-	-	-	73,684,210	44.8%
Total	**32,857,143**	**65,013,813**	**39,448,495**	**137,319,451**	**100.0%**	**164,351,770**	**100.0%**

Note:

1. As described in Section 9.4, all classes of Existing Shares will convert into ordinary Shares before Completion of the Offer.
2. Excluding Leigh Jasper and Rob Phillpot.

Information on the number of Shares and Options to be held on Completion of the Offer that will be subject to escrow arrangements, and details of those escrow arrangements, is set out in Section 9.10.

57 SaleCo is a special purpose vehicle established to enable the sale of Shares by Selling Shareholders. Proceeds will be distributed to Selling Shareholders as consideration for the sale of their Shares under the SaleCo arrangements, as described at Section 9.6.

7.1.6 Control implications of the Offer

The Directors do not expect that any single Shareholder will control the Company on Completion of the Offer.

7.1.7 Potential effect of the fundraising on the future of the Company

The Directors believe that, following Completion of the Offer, the Company will have sufficient working capital to carry out its stated business objectives.

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in the capital of Aconex).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.9.2.
What is the consideration payable for each security being offered?	Successful Applicants under the Offer will pay the Offer Price, being $1.90 per Share.
What is the Offer period?	The Broker Firm Offer and Chairman's List Offer open on 25 November 2014 and close on 4 December 2014. The key dates are set out in the Important Information section of this Prospectus. The Offer timetable is indicative only, and may change without notice (subject to the ASX Listing Rules and the Corporations Act).
What are the cash proceeds to be raised?	Approximately $140.0 million will be raised under the Offer.
Is the Offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer pursuant to the Underwriting Agreement. Details are provided in Section 9.9.
What is the minimum and maximum Application size under the Retail Offer?	The minimum Application under the Retail Offer is $2,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Retail Offer. The Company, SaleCo and the Joint Lead Managers reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for.
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, the Chairman's List Offer and the Institutional Offer is determined by the Joint Lead Managers and the Company, having regard to the allocation policy outlined in Sections 7.3.4, 7.4.6 and 7.5.2. For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their retail clients. The allocation of Shares among Applicants in the Chairman's List Offer and Institutional Offer is determined by the Joint Lead Managers and the Company. For further information on the Broker Firm Offer, see Section 7.3. For further information on the Chairman's List Offer, see Section 7.4. For further information on the Institutional Offer, see Section 7.5.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed to Successful Applicants by standard post on or about 10 December 2014. Refunds (without interest) to Applicants who make an Application and receive a smaller allocation of Shares than that applied for will be made as soon as practicable after Completion of the Offer.

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Topic	Summary
Will the Shares be listed?	The Company has applied for admission to the official list of ASX and quotation of Shares on the ASX under the code ACX. Completion of the Offer is conditional on ASX approving this application. Completion of the Conversion will occur prior to Completion of the Offer. If approval is not given within three months after the application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained from time to time. The ASX and its officers take no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the official list is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on or about 9 December 2014, initially on a deferred settlement basis until the Company has advised ASX that holding statements have been dispatched to Shareholders. It is expected that initial holding statements will be dispatched by standard post on or about 10 December 2014. Normal settlement trading is expected to commence on or about 11 December 2014. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company, SaleCo and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Aconex Offer Information Line, by a Broker or otherwise.
Are there any conditions to the Offer proceeding?	Yes. Completion of the Offer is conditional on Existing Shareholders approving certain resolutions at an extraordinary general meeting scheduled to be held on 5 December 2014. If the resolutions are not approved by the Existing Shareholders, the Offer will not proceed.
Are there any voluntary escrow arrangements?	Yes. Details are provided in Section 9.10.
Has an ASIC relief or ASX waiver been obtained or applied for?	Yes. Details are provided in Section 9.15.
Are there any tax considerations?	Yes. Refer to Section 9.12.
Is there any brokerage, commission or stamp duty payable?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer. See Sections 6.3.5 and 9.9.1 for details of various fees payable by the Company to the Joint Lead Managers and by the Joint Lead Managers to certain Brokers.
What should I do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Aconex Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, tax adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in Shares.

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7.3 The Broker Firm Offer

7.3.1 Who may apply

The Broker Firm Offer is open to persons who have received an invitation to participate in the Offer from their Broker and who have a registered address in Australia. If you have been invited to participate by your Broker, you will be treated as a Broker Firm Offer Applicant in respect of that invitation. You should contact your Broker to determine whether you can receive an invitation from them to participate in the Broker Firm Offer.

7.3.2 How to apply

If you are an Application applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker who invited you to participate in the Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus in its paper copy form or in its electronic form, which may be downloaded in its entirety from www.aconex.com/shareoffer.

By making an Application, you declare that you were given access to this Prospectus (and any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is $2,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Company and the Joint Lead Managers reserve the right to reject or scale back any Applications in the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

The Broker Firm Offer opens at 9.00am (AEST) on 25 November 2014 and is expected to close at 5.00pm (AEST) on 4 December 2014. The Company, SaleCo and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice (subject to the ASX Listing Rules and the Corporations Act). Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.3.3 How to pay

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions provided by their Broker.

7.3.4 Allocation policy under the Broker Firm Offer

The allocation of Shares to Brokers will be determined by the Joint Lead Managers, in consultation with the Company. Shares that have been allocated to Brokers for allocation to their Australian resident clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Brokers. It will be a matter for each Broker as to how they allocate Shares among their clients, and they (and not the Company, SaleCo or the Joint Lead Managers) will be responsible for ensuring that their clients who have received a firm allocation from them, receive the relevant Shares.

7.3.5 Acceptance of Applications

An Application in the Broker Firm Offer is an offer to the Company and SaleCo to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form (including the condition regarding quotation on the ASX in Section 7.8.1). To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

The Company and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

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7.3.6 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any Application Monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be determined by the Applicant's Broker.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of an Australian financial institution, must be crossed "Not Negotiable" and must be made payable in accordance with the directions of the Broker from whom the Applicant received a firm allocation.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as the number for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.

7.3.7 Announcement of the final allocation policy under the Broker Firm Offer

The Company expects to announce the final allocation policy under the Broker Firm Offer on or about 8 December 2014.

Applicants under the Broker Firm Offer will be able to call the Aconex Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 8.30am and 5.30pm (AEST), Monday to Friday, after the final allocation policy is announced to confirm their allocations. Applicants under the Broker Firm Offer will also be able to confirm their allocation through their Broker.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Company or confirmed your allocation through your Broker.

7.4 The Chairman's List Offer

7.4.1 Who may apply

The Chairman's List Offer is open to selected investors who have received a Chairman's List Invitation to participate.

7.4.2 How to apply

If you have received a Chairman's List Invitation and you wish to apply for Shares, you should follow the instructions on how to apply in your personalised invitation.

Applications under the Chairman's List Offer must be for a minimum of $2,000 worth of Shares.

By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement document), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

7.4.3 How to pay

Applicants under the Chairman's List Offer must pay their Application Monies by electronic funds transfer in accordance with instructions in their personalised invitation and the Application Form. For more details, Applicants should contact the Aconex Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia).

Application Monies must be received by the Share Registry by no later than 5.00pm Melbourne time on 4 December 2014 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Joint Lead Managers take any responsibility for any failure to receive Application Monies or payment before the Chairman's List Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

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7.4.4 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Chairman's List Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down and any excess refunded (without interest).

If the amount of your Application Monies that you pay is less than the amount specified on your Application Form, you may be taken to have applied for such lower amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your online Application Form) or your Application may be rejected.

7.4.5 Acceptance of Applications

An Application in the Chairman's List Offer is an offer by an Applicant to the Company and SaleCo to apply for Shares in the amount specified the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form (including the conditions regarding quotation on ASX in Section 7.8.1). To the extent permitted by law, an application by an Applicant under the Chairman's List Offer is irrevocable.

An Application may be accepted by the Company and the Joint Lead Managers in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

7.4.6 Chairman's List Offer allocation policy

Chairman's List Offer Applicants will receive a guaranteed allocation of Shares in the amount notified on their Chairman's List Invitation. Beyond this, the allocation of stock to Applicants under the Chairman's List Offer will be determined by the Joint Lead Managers and the Company. Shares which have been allocated to Applicants under the Chairman's List Offer will be issued to the Applicants who have received a valid allocation of Shares from the Company (subject to the right of the Company and the Joint Lead Managers to reject or scale back Applications as they see fit).

7.5 Institutional Offer

7.5.1 Invitations to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Joint Lead Managers separately advise Institutional Investors of the application procedures for the Institutional Offer.

7.5.2 Allocation policy under the Institutional Offer

The Company and the Joint Lead Managers have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer are advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy is influenced by a number of factors including:

- number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following Listing on ASX;
- the Company's desire to establish a broad spread of Institutional Investors;
- overall level of demand under the Retail Offer and Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term Shareholders; and
- any other factors that the Company and the Joint Lead Managers consider appropriate.

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7.6 Discretion regarding the Offer

The Company and SaleCo may withdraw the Offer at any time before Completion of the Offer. If the Offer does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.

The Company, SaleCo and the Joint Lead Managers also reserve the right (subject to the ASX Listing Rules and the Corporations Act) to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

7.7 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue or transfer under this Prospectus.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia, and may only be distributed to persons to whom the Institutional Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged or transferred directly or indirectly, in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act laws and any other applicable laws.

Each Applicant will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- it is not in the United States;
- it has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Each Applicant under the Institutional Offer will be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

7.8 ASX listing, registers and holding statements and deferred settlement trading

7.8.1 Application to the ASX for listing of the Company and quotation of Shares

The Company has applied for admission to the official list of the ASX under the code "ACX".

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the official list is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Monies received by Aconex will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

7.8.2 CHESS and issuer sponsored holdings

The Company has applied to participate in the ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, an electronic CHESS subregister or an issuer sponsored subregister. The Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

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Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been issued or transferred to them. This statement will also provide details of a Shareholder's Holder Identification Number for CHESS holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Share certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.8.3 Deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on the ASX on a deferred settlement basis will commence on or about 9 December 2014. Trading will be on a deferred settlement basis until Aconex has advised ASX that holding statements have been dispatched to Shareholders, which is expected to occur on or around 10 December 2014. Normal settlement trading is expected to commence on or about 11 December 2014.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If Shares are sold before receiving a holding statement, Applicants do so at their own risk. The Company, SaleCo, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if a Shareholder sells Shares before receiving a holding statement, even if the Shareholder obtained details of their holding from the Aconex Offer Information Line or confirmed their firm allocation through a Broker.

7.9 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

7.9.1 Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Company's Constitution, legislation, the ASX Listing Rules and general law.

A summary of the significant rights attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

7.9.2 Rights attaching to Shares

The rights attaching to the Shares are set out in the Constitution and are, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

The principal rights, liabilities and obligations of the Shareholders are summarised below.

7.9.2.1 Voting

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands (unless a Shareholder has appointed more than one proxy or attorney, in which case neither may vote on a show of hands) and one vote on a poll for each Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

7.9.2.2 Dividends

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

7.9.2.3 Issue of further Shares

The Board may (subject to the Constitution, the ASX Listing Rules and the Corporations Act) issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

7.9.2.4 Variation of class rights

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under that section, the rights attached to a class of Shares may be varied:

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- with the written consent of the holders of at least 75% of the issued Shares in the particular class; or
- by special resolution passed at a separate meeting of the holders of Shares in that class.

7.9.2.5 Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Shares, Shares may be transferred in accordance with the ASX Settlement Operating Rules, any other ASX requirements and the Corporations Act or via a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements.

In certain circumstances, the Board may decline to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act and ASX Listing Rules.

7.9.2.6 General meeting and notices

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules.

The Company must give at least 28 days' written notice of a general meeting.

7.9.2.7 Winding up

Subject to the Constitution, the Corporations Act and any rights or restrictions attaching to any Shares or class of Shares on a winding up of the Company, Shareholders will be entitled to a share in any surplus assets of the Company in proportion to the Shares held by them. If the Company is wound up, the liquidator may with the sanction of a special resolution, divide the whole or any part of the Company's property among Shareholders and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

7.9.2.8 Non-marketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares which constitute less than a marketable parcel by following the procedures set out in the Constitution.

7.9.2.9 Proportional takeover provisions

The Constitution requires Shareholder approval in relation to any proportional takeover bid. These provisions will cease to have effect unless they are renewed by Shareholders passing a special resolution by the third anniversary of either the date that those rules were adopted or the date those rules were last renewed.

7.9.2.10 Directors – appointment and removal

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of 8, unless the Shareholders pass a resolution varying that number at a general meeting. Directors are elected or re-elected at general meetings of the Company.

No Director (excluding any Managing Director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint a Director in addition to the existing Directors or to fill a casual vacancy on the Board, and that Director (apart from the Managing Director) will then hold office until the conclusion of the next annual general meeting of the Company.

7.9.2.11 Directors – voting

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present at the meeting and entitled to vote on the matter. The chairperson of a meeting of the Board does not have a casting vote.

7.9.2.12 Directors – remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. This amount has been fixed at $1,000,000. The annual Directors' fees currently agreed to be paid by the Company are $130,000 to the Chairman and $80,000 to each other Non-Executive Director. The remuneration of a Director (who is not a Managing Director or an Executive Director) must not include a commission on, or a percentage of, profits or operating revenue.

Directors may be paid for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from meetings of the Board or committees of the Board or general meetings. Any Director who devotes special attention

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to the business of the Company or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

Directors' remuneration is discussed in Section 6.3.3.

7.9.2.13 Powers and duties of Directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the Company's power (that are not required by law or by the Constitution to be exercised by the Company in general meeting).

7.9.2.14 Preference shares

The Company may issue preference shares including preference shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible to ordinary Shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.9.2.15 Officers' indemnity and access

The Company, to the extent permitted by law, indemnifies each Director and executive officer of the Company on a full indemnity basis against all losses, liability, costs, charges and expenses incurred by that person as an officer of the Company or one of its related bodies corporate.

The Company, to the extent permitted by law, may purchase and maintain insurance, or pay or agree to pay a premium for insurance for each Director and executive officer of the Company or its related bodies corporate against any liability incurred by that person as an officer of the Company or its related bodies corporate, including a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings (whether civil or criminal and whatever their outcome).

The Company may enter into contracts with a Director or former Director agreeing to provide continuing access to Board papers, books, records and documents of the Company which relate to the period during which the Director or former Director was a Director. The Company may procure that its subsidiaries provide similar access to board papers, books, records or documents.

7.9.2.16 Amendment

The Constitution may be amended only by a special resolution passed by Shareholders.

7.9.3 Share capital

As at the Prospectus Date, the Company has on issue Class A Preference Shares, Convertible Preference Shares, ordinary Shares and Options. On Completion of the Offer (after completion of the Conversion), the Company will only have one class of share on issue, being fully paid ordinary Shares. The Company will also have Options on issue on Completion of the Offer.

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8 Independent Limited Assurance Report

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Hospitality & Community



Location: London, U.K.

aconex

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25 November 2014

The Directors
Aconex Limited
96 Flinders Street,
Melbourne VIC 3000

The Directors
Aconex SaleCo Limited
96 Flinders Street,
Melbourne VIC 3000

Dear Directors

PART 1 – INDEPENDENT LIMITED ASSURANCE REPORT ON STATUTORY HISTORICAL FINANCIAL INFORMATION, PRO FORMA HISTORICAL FINANCIAL INFORMATION, STATUTORY FORECAST FINANCIAL INFORMATION AND PRO FORMA FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by Aconex Limited and Aconex SaleCo Limited to report on the statutory historical financial information, pro forma historical financial information, statutory forecast financial information and pro forma forecast financial information of Aconex Limited ("Aconex" or the "Company") for inclusion in the Prospectus ("Prospectus") to be dated on or about 25 November 2014, and to be issued by Aconex, in respect of the offer of fully paid ordinary shares in Aconex (the "Offer'").

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the Corporations Act 2001. Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Stephen Lomas is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide as Part 2 of this report.

2. Scope

Statutory Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following statutory historical financial information of Aconex:

- the statutory historical consolidated income statements for the years ended 30 June 2012 ("FY12"), 30 June 2013 ("FY13") and 30 June 2014 ("FY14") as set out in Table 6 of Section 4.3.2 of the Prospectus, and the half year ended 31 December 2013 ("1H FY14") as set out in Table 8 of Section 4.3.2 of the Prospectus;

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- the statutory historical consolidated cash flows for FY12, FY13 and FY14 as set out in Table 24 of Section 4.5.2, and 1H FY14 as set out in Table 25 of Section 4.5.2 of the Prospectus; and
- the statutory historical consolidated balance sheet as at 30 June 2014 as set out in Table 18 of Section 4.4.1 of the Prospectus.

(hereafter "Statutory Historical Financial Information")

The Statutory Historical Financial Information for FY12, FY13 and FY14 has been derived from the financial reports of Aconex for the respective years, which were audited by Ernst & Young in accordance with Australian Auditing Standards. Ernst & Young issued unqualified audit opinions on these financial reports. The Statutory Historical Financial Information for 1H FY14 has been derived from the reviewed interim financial report of Aconex, which was reviewed by Ernst & Young and on which an unqualified limited assurance opinion was issued.

The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards ("AAS") (including the Australian Accounting Interpretations), issued by the Australian Accounting Standards Board ("AASB"), which are consistent with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board ("IASB").

Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma historical financial information of Aconex:

- the pro forma historical consolidated income statements for FY12, FY13 and FY14 as set out in Table 2 of Section 4.3.1 of the Prospectus, and 1H FY14 as set out in Table 4 of Section 4.3.1 of the Prospectus;
- the pro forma historical consolidated cash flows for FY12, FY13 and FY14 as set out in Table 22 of Section 4.5.1 of the Prospectus, and 1H FY14 as set out in Table 23 of Section 4.5.1 of the Prospectus; and
- the pro forma historical consolidated balance sheet as at 30 June 2014 as set out in Table 18 of Section 4.4.1 of the Prospectus.

(hereafter "Pro Forma Historical Financial Information").

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of Aconex, and adjusted for the effects of pro forma adjustments described in Tables 10 and 11 of Section 4.3.3, Table 18 of Section 4.4.1 and Tables 26 and 27 of Section 4.5.3 of the Prospectus.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of AAS other than it includes certain adjustments which have been prepared in a manner consistent with AAS, that reflect (a) the exclusion of certain transactions that occurred in the relevant periods, and (b) the impact of certain transactions as if they occurred on or before 30 June 2014.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.



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Statutory Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following statutory forecast financial information of Aconex:

- statutory forecast consolidated income statements of Aconex for the years ending 31 December 2014 ("CY14"), 30 June 2015 ("FY15") and 31 December 2015 ("CY15") as set out in Table 6 of Section 4.3.2 of the Prospectus, and the half years ending 31 December 2014 ("1H FY15") and 31 December 2015 ("1H FY16") as set out in Table 8 of Section 4.3.2 of the Prospectus; and
- statutory forecast consolidated cash flows of Aconex for CY14, FY15 and CY15 as set out in Table 24 of Section 4.5.2 of the Prospectus, and 1H FY15 and 1H FY16 as set out in Table 25 of Section 4.5.2 of the Prospectus.

(hereafter "Statutory Forecast Financial Information").

The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Sections 4.7.1 and 4.7.2 of the Prospectus.

The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is in accordance with the recognition and measurement principles prescribed in AAS (including the Australian Accounting Interpretations), issued by AABS, which are consistent with International Financial Reporting Standards and Interpretations issued by IASB.

Pro Forma Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma forecast financial information of Aconex:

- pro forma forecast consolidated income statements of Aconex for CY14, FY15 and CY15 as set out in Table 2 of Section 4.3.1 of the Prospectus, and 1H FY15 and 1H FY16 as set out in Table 4 of Section 4.3.1 of the Prospectus; and
- pro forma forecast consolidated cash flows of Aconex for CY14, FY15 and CY15 as set out in Table 22 of Section 4.5.1 of the Prospectus, and 1H FY15 and 1H FY16 as set out in Table 23 of Section 4.5.1 of the Prospectus.

(hereafter "Pro Forma Forecast Financial Information").

(the Statutory Historical Financial Information, Pro Forma Historical Financial Information, Statutory Forecast Financial Information and Pro Forma Forecast Financial Information are collectively referred to as the "Financial Information").

The Pro Forma Forecast Financial Information has been derived from Aconex's Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in Tables 10 and 11 of Section 4.3.3, and Tables 26 and 27 of Section 4.5.3 of the Prospectus.

The Pro Forma Forecast Financial Information has been prepared in accordance with the recognition and measurement requirements of AAS, other than it includes certain adjustments which have been prepared in a manner consistent with AAS, that reflect (a) the exclusion of certain transactions that

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occurred in the relevant periods, and (b) the impact of certain transactions as if they occurred on or after 1 July 2014.

Due to its nature, the Pro Forma Forecast Financial Information does not represent the Company's actual prospective financial performance and cash flows for CY14, FY15 and CY15, nor 1H FY15 and 1H FY16.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

3. Directors' Responsibility

Statutory Historical and Pro Forma Historical Financial Information

The directors of Aconex are responsible for the preparation and presentation of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Statutory Forecast and Pro Forma Forecast Financial Information

The directors of Aconex are responsible for the preparation and presentation of the Statutory Forecast Financial Information for CY14, FY15 and CY15, and 1H FY15 and 1H FY16, including the basis of preparation and best-estimate assumptions underlying the Statutory Forecast Financial Information. They are also responsible for the preparation and presentation of the Pro Forma Forecast Financial Information for CY14, FY15 and CY15, and 1H FY15 and 1H FY16, including the basis of preparation, the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Statutory Forecast and Pro Forma Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Statutory Historical and Pro Forma Historical Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

Statutory Forecast and Pro Forma Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Statutory Forecast and Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Statutory Forecast and Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial

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Information and Pro Forma Forecast Financial Information themselves, based on our limited assurance engagement.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

5. Conclusions

Statutory Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information comprising:

- the statutory historical consolidated income statements for FY12, FY13 and FY14 as set out in Table 6 of Section 4.3.2 of the Prospectus, and 1H FY14 as set out in Table 8 of Section 4.3.2 of the Prospectus;
- the statutory historical consolidated cash flows for FY12, FY13 and FY14 as set out in Table 24 of Section 4.5.2 of the Prospectus, and 1H FY14 as set out in Table 25 of Section 4.5.2 of the Prospectus; and
- the statutory historical consolidated balance sheet as at 30 June 2014 as set out in Table 18 of Section 4.4.1 of the Prospectus

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information comprising:

- the pro forma historical consolidated income statements for FY12, FY13 and FY14 as set out in Table 2 of Section 4.3.1 of the Prospectus, and 1H FY14 as set out in Table 4 of Section 4.3.1 of the Prospectus;
- the pro forma historical consolidated cash flows for FY12, FY13 and FY14 as set out in Table 22 of Section 4.5.1 of the Prospectus, and 1H FY14 as set out in Table 23 of Section 4.5.1 of the Prospectus; and
- the pro forma historical consolidated balance sheet as at 30 June 2014 as set out in Table 18 of Section 4.4.1 of the Prospectus

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus.

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Statutory Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information of Aconex for CY14, FY15 and CY15, and 1H FY15 and 1H FY16, do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
  - is not prepared on the basis of the directors' best estimate assumptions as described in Sections 4.7.1 and 4.7.2 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus; and
- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast Financial Information of Aconex for CY14, FY15 and CY15, and 1H FY15 and 1H FY16, do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- in all material respects, the Pro Forma Forecast Financial Information:
  - is not prepared on the basis of the directors' best estimate assumptions as described in Sections 4.7.1 and 4.7.2 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, as described in Section 4.2.1 of the Prospectus; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

Statutory Forecast and Pro Forma Forecast Financial Information

The Statutory Forecast and Pro Forma Forecast Financial Information have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance and cash flows of Aconex for CY14, FY15 and CY15, and 1H FY15 and 1H FY16. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast and Pro Forma Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Aconex. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusions expressed in this report have been formed on the above basis.

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Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Aconex, which are detailed in the Prospectus and the inherent uncertainty relating to the Statutory Forecast and Pro Forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Sections 5 and 4.8 of the Prospectus. The sensitivity analysis described in Section 4.8 of the Prospectus demonstrates the impact on the Statutory Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the statutory forecast or pro forma forecast will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast and Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of Aconex, that all material information concerning the prospects and proposed operations of Aconex has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Section 4.2.1 of the Prospectus, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of this Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

Stephen Lomas
Director and Representative

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25 November 2014

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT LIMITED ASSURANCE REPORT

PART 2 – FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we" or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is $47,300 (inclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Transaction Advisory Services	**Contacting the Independent Dispute Resolution Scheme:**
AFS Compliance Manager	Financial Ombudsman Service Limited
Ernst & Young	PO Box 3
680 George Street	Melbourne VIC 3001 Telephone: 1300 78 08 08
Sydney NSW 2000	
Telephone: (02) 9248 5555	

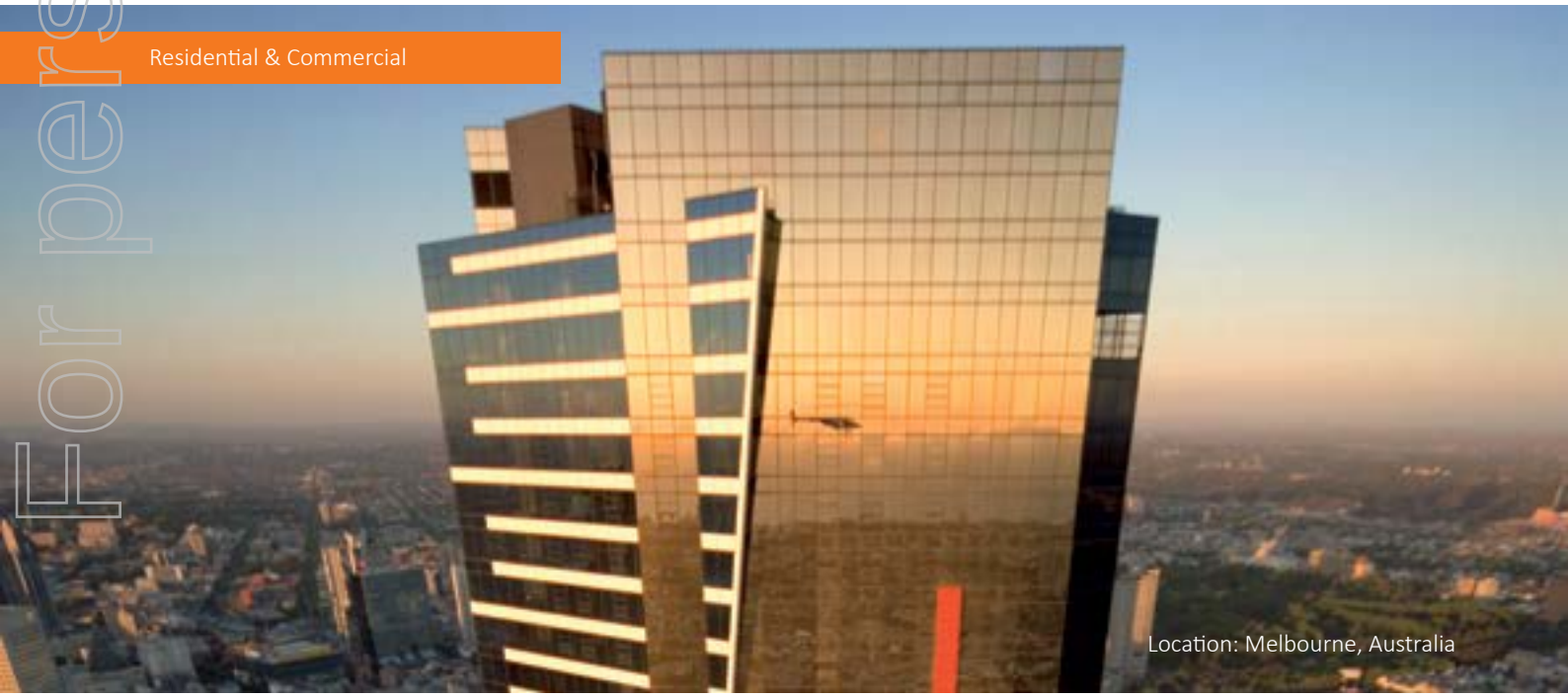
This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

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9 Additional Information

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Residential & Commercial



Location: Melbourne, Australia

aconex

9. Additional Information

9.1 Incorporation

The Company was incorporated in Victoria on 28 January 2000 as an Australian proprietary company limited by Shares and registered as an Australian public company on 4 October 2007.

SaleCo was incorporated in Victoria on 26 September 2014 as an Australian public company limited by Shares.

9.2 Company tax status

The Company is taxed in Australia as a public company.

9.3 Corporate structure

The Aconex Group comprises the following companies, all of which are engaged in the business of the Company in their respective jurisdictions of incorporation. Each company in the Group is 100% owned, directly or indirectly, by Aconex Limited unless otherwise indicated. The country of incorporation of each Group Member is indicated in brackets.

Aconex (Canada) Limited (Canada)	Aconex Information Management Iberica S.L. (Spain)
Aconex (UK) Limited (United Kingdom)	Aconex (India) Private Limited (India)
Aconex (Europe) Limited (United Kingdom)	Aconex Japan K.K. (Japan)
Aconex (HK) Limited (Hong Kong)	Aconex (Shanghai) Ltd (China)
Aconex (Asia) Limited (Hong Kong)	Aconex (North America) Inc. (United States)
Aconex (Global) Limited (Hong Kong)	Aconex (Vietnam) Limited (Vietnam)
Aconex (NZ) Limited (New Zealand)	Aconex (UAE) LLC (United Arab Emirates) – owned 49% by Aconex
Aconex (Singapore) Pte Ltd (Singapore)	Aconex Qatar LLC (Qatar) – owned 49% by Aconex
Aconex (Malaysia) Sdn Bhd (Malaysia)	Aconex Muscat LLC (Oman) – owned 70% by Aconex
Aconex (Philippines) Inc (Philippines) – owned 99.99% by Aconex	Eurl Aconex Magreb (Algeria) – currently in the process of being liquidated
Aconex Chile SpA (Chile)	

9.4 Capital structure of the Company and the Conversion

As at the Prospectus Date, Aconex's capital structure is as follows.

Class of security	Number of securities on issue
Class A Preference Shares	32,857,143, which will convert into 32,857,143 ordinary Shares pursuant to the Conversion (ie, on a 1:1 basis)
Convertible Preference Shares	65,013,813, which will convert into 65,013,813 ordinary Shares pursuant to the Conversion (ie, on a 1:1 basis)
Ordinary Shares	39,448,495
Vested Options	6,997,301, of which 700,530 will be exercised in connection with the Offer
Unvested Options	8,027,237

Note: Vested and unvested Options have been issued to employees under the ESOP. Refer to Section 9.5 for further details.

The Conversion describes the process by which all of the Class A Preference Shares and Convertible Preference Shares will be converted to ordinary Shares, which will take place on or before the Business Day prior to Completion of the Offer. Conversion of the Class A Preference Shares will occur pursuant to delivery of a conversion notice by Francisco Partners which it has given in accordance its contractual obligations with Aconex (see Section 9.7). Conversion of the Convertible Preference Shares will occur on lodgement of the Company's application for admission to the official list of ASX, in accordance with the terms of issue of the Convertible Preference Shares.

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All of the ordinary Shares issued to Francisco Partners will be sold into the Offer and certain of the ordinary Shares issued to holders of Convertible Preference Shares will also be sold into the Offer by Selling Shareholders and the remainder will be retained.

On Listing the Company will only have one class of share on issue, being fully paid ordinary Shares.

9.5 Options on issue

On Completion of the Offer, Aconex will have the following vested Options on issue.

Strike Price	Total	Expiry
$0.95	2,271,652	September 2015 to August 2016
$1.05	2,681,628	August 2017 to August 2018
$1.10	1,157,750	July 2018 and October 2018
$1.20	24,792	May 2019 to November 2019
$1.30	115,949	August 2019 to August 2020
$1.42	15,000	January 2015
$2.40	30,000	May 2020 to August 2020
Total	**6,296,771**	

As at Completion of the Offer, Aconex has agreed to issue the following Options, which are currently unvested.

Strike Price	Total	Expiry
$1.05	1,202,897	August 2017 to August 2018
$1.10	951,420	July 2018 and October 2018
$1.20	2,941,208	May 2019 to November 2019
$1.30	2,109,712	August 2019 to August 2020
$2.40	822,000	May 2020 to August 2020
Total	**8,027,237**	

The Options have been issued to employees of Aconex under the ESOP.

9.6 Sale of Shares

SaleCo, a special purpose vehicle, has been established to facilitate the sale of some of the Shares that Selling Shareholders own (or will receive on completion of the Conversion).

The Selling Shareholders have entered into deeds in favour of, and for the benefit of, SaleCo under which they irrevocably offer to sell some or all of their Shares (some of which may be issued persuant to the Conversion) to SaleCo free from encumbrances and third party rights and conditional (among other things) on completion of the Conversion. Selling Shareholders are not guaranteed to be able to sell all of the Shares they offer to sell to SaleCo and the number of Shares that SaleCo acquires from each Selling Shareholder is at SaleCo's discretion.

The Shares that SaleCo acquires from the Selling Shareholders will be transferred to Successful Applicants under the Offer at the Offer Price. The price payable by SaleCo for these Shares is the Offer Price. The Company will also issue Shares to Successful Applicants under the Offer.

Shares that Selling Shareholders offered to sell to SaleCo but which SaleCo does not elect to acquire will be subject to voluntary escrow restrictions. See Section 9.10 for further details.

SaleCo has no material assets, liabilities or operations other than its interest in the deeds described above. The directors and shareholders of SaleCo are Robert Phillpot, Adam Lewis and Stephen Recht. The Company has indemnified SaleCo, and the directors of SaleCo, for any loss that SaleCo, or the directors of SaleCo, may incur as a consequence of the Offer.

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9.7 Arrangements in relation to Francisco Partners

Aconex has entered into an agreement with Francisco Partners which, subject to the Offer proceeding, will facilitate the conversion of Francisco Partners' Class A Preference Shares into Shares and the disposal by Francisco Partners of those Shares via the Offer.

Francisco Partners has agreed to:

- exercise its existing right to convert its Class A Preference Shares into Shares on a 1:1 basis in accordance with the terms of issue, on the day immediately prior to Listing; and
- sell all those Shares into the Offer at the Offer Price.

In consideration of Francisco Partners providing these commitments in circumstances where Francisco Partners' Class A Preference Shares cannot be compulsorily converted by Aconex, Aconex has agreed to make a US$23.5 million payment to Francisco Partners on the first Business Day after Aconex becomes entitled to deal with the proceeds of the Offer for its own benefit. The Company has provisioned an amount of $27.3 million for the total cost of this payment, which is disclosed at an exchange rate of 0.8623.

Francisco Partners has also provided other related commitments to take such further administrative or procedural steps as are necessary to facilitate the above arrangement, and to procure that any of its affiliates also comply with the arrangement. For example, these steps would include the termination of other outstanding documentation and arrangements relating to Francisco Partners' investment in Aconex, much of which was entered into when that investment was made.

9.8 Key customer contracts

Aconex has entered into different forms of contractual arrangements with its key customers and this is a summary of the key characteristics of those contractual arrangements.

Nature of customer contracts

Aconex has written contracts with its key customers which typically vary in duration from 3 to 5 years.

The contract provides a customer with access to Aconex's core collaboration platform that may be enhanced by Optional Modules at an additional cost.

Aconex's customer contracts comprise:

- enterprise subscription agreements, used by customers for all of their projects;
- enterprise subscription framework agreements, consisting of a base subscription plus an additional subscription on a project-by-project basis; and
- project subscription agreements, used by customers for a particular project or program.

Revenue

Aconex's revenue from customer contracts is generated by charging the customer:

- an implementation fee;
- a base subscription fee for use of the core Aconex collaboration platform; and
- additional fees for Optional Modules and other products.

The customer, usually the owner or the primary contractor on the project, is the single fee-paying organisation. Others involved in the project use the core collaboration platform and the Optional Modules for free.

Aconex prices its core collaboration product based on the size and complexity of the project, typically by reference to a percentage of the total construction value. Optional Modules are generally charged at a percentage of the core product fee.

The billing cycle of Aconex's customer contracts depend on the type of contract:

- under an enterprise subscription agreement, the customer is usually billed annually in advance for the duration of the term of the contract;
- under an enterprise subscription framework agreement, the customer pays a base subscription fee plus an additional subscription fee on a project-by-project basis; and
- under a project subscription agreement, the customer pays an implementation fee and a portion of the subscription fee upfront with the remainder of the subscription fee paid over the life of the agreement.

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Termination

The majority of Aconex's customer contracts provide that the customer may not terminate the contract prior to the end of the term of the contract other than "for cause" on 30 days' notice. "For cause" events generally include:

- unremedied contractual breaches by Aconex;
- insolvency of Aconex; and
- the occurrence of specified force majeure events for a prolonged period.

Where a customer terminates for cause, in limited circumstances Aconex may be liable to refund to the customer those fees which have been paid in advance by the customer, pro-rated for the period to the expiry date of the contract.

A minority of Aconex's customer contracts allow the customer to terminate the agreement without cause, usually on 30 days' notice. In these circumstances, the customer is not liable to Aconex for any cost, loss, expense or damage incurred by Aconex as a consequence of such termination. In some cases, Aconex may be obliged to refund to the customer any fees paid by the customer in advance and not used as at the effective date of termination.

Where Aconex terminates an agreement for cause, Aconex is generally entitled to all uninvoiced fees, unless a lower amount has been agreed.

Liability regimes

Customers typically indemnify Aconex against third party claims, including for third party intellectual property infringements or data privacy breaches, resulting from the customer's use of the Aconex platform.

Aconex is liable to its customers for breaches of contract. Customer contracts generally exclude liability on the part of Aconex for consequential or indirect loss or damage to the customer, and contractual damages will typically be limited in the aggregate to 100% of the contract value.

9.9 Underwriting Agreement

The Offer is underwritten by the Joint Lead Managers pursuant to an underwriting agreement dated on or about the Prospectus Date between the Company, SaleCo and the Joint Lead Managers. Under the Underwriting Agreement, the Joint Lead Managers have agreed to arrange, manage and underwrite the Offer.

9.9.1 Fees and expenses

The Company has agreed to pay the Joint Lead Managers an underwriting fee equal to 2.2%, and a management fee equal to 0.55%, of the proceeds of the Offer. The underwriting fee, and the management fee, will become payable by Aconex on the Settlement Date. Aconex may also pay an incentive fee of up to 0.75% of the proceeds of the Offer. Payment of the incentive fee is at the Company's absolute discretion. If Aconex elects to pay the incentive fee, it will be paid within 10 Business Days following the commencement of deferred settlement trading of the Shares on the ASX.

The Company has also agreed to reimburse the Joint Lead Managers for certain reasonable costs and expenses incidental to the Offer.

The Joint Lead Managers must pay, on behalf of the Company and SaleCo, any broker firm fees due to any Brokers appointed by the Joint Lead Managers under the Underwriting Agreement.

9.9.2 Representations, warranties and undertakings

The Underwriting Agreement contains representations, warranties and undertakings provided by the Company and SaleCo to the Joint Lead Managers. The representations and warranties relate to matters such as their powers and capacities, their conduct (including in respect of their compliance with applicable laws and the ASX Listing Rules, business and status, ongoing due diligence and disclosure), the Offer Documents, the information provided (including the financial information), insolvency, the conduct of the Offer, litigation and insurance.

The Company's undertakings include that it will not, during the 120 day period after Completion of the Offer, issue or agree to issue any Shares without the prior written consent of the Joint Lead Managers other than persuant to the Offer, an employee share or option plan, a divided re-investment plan or a proposed transaction disclosed in the Prospectus.

9.9.3 Indemnity

The Company agrees to keep the Joint Lead Managers and certain of the Joint Lead Managers' affiliated parties indemnified from losses suffered in connection with the Offer, subject to customary exclusions (including fraud, wilful misconduct, recklessness or gross negligence).

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9.9.4 Termination events

If any of the following termination events occurs at any time from the date of execution of the Underwriting Agreement until on or before Completion of the Offer or at any other time specified below, a Joint Lead Manager may terminate its obligations under the Underwriting Agreement:

- (disclosures) in the Joint Lead Manager's reasonable opinion, a statement in any of the Offer Documents or public information is or becomes false, misleading or deceptive or is likely to mislead or deceive (including by omission), or a matter required to be included is omitted from an Offer Document;
- (new circumstances) there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement;
- (supplementary Prospectus) the Company and SaleCo issue or, in the reasonable opinion of the Joint Lead Manager, are required to issue, a supplementary Prospectus to comply with section 719 of the Corporations Act;
- (market fall) at any time the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the day immediately prior to the date of lodgement of the Prospectus and is at or below that level at the close of trading:
  - for three consecutive Business Days during any time after the date of the Underwriting Agreement; or
  - on the Business Day immediately prior to the Settlement Date;
- (voluntary escrow) any of the voluntary escrow deeds referred to in Section 9.10 of this Prospectus are withdrawn, varied, terminated, rescinded, altered or amended, breached or not complied with;
- (Selling Shareholders) Selling Shareholders holding, in aggregate, at least 0.5% of the Shares to be sold and transferred under the Offer vary, rescind, alter, amend, breach or fail to comply with the terms of the Sale Deed.
- (forecasts):
  - there are not, or there ceases to be, reasonable grounds in the reasonable opinion of the Joint Lead Manager for any statement or estimate in the Offer Documents which relate to a future matter; or
  - any statement or estimate in the Offer Documents which relate to a future matter is, in the reasonable opinion of the Joint Lead Manager, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- (fraud) the Company or SaleCo or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer;
- (listing and quotation) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the official list of ASX on or before the listing approval date; or
  - the quotation of all of the Shares on ASX, or for the Shares to be traded through CHESS on or before the quotation date,

  or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- (notifications) any of the following notifications are made in respect of the Offer:
  - ASIC issues an order (including an interim order) under section 739(1A) of the Corporations Act;
  - ASIC holds a hearing under section 739(2) of the Corporations Act;
  - an application is made by ASIC for an order under Part 9.5 in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an Offer Document;
  - any person (other than a Joint Lead Manager) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
  - any person (other than a Joint Lead Manager) gives notice under section 730 of the Corporations Act in relation to an Offer Document;
- (certificate not provided) the Company or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement;
- (contracts) if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Manager), or if all or any part of any of such contracts:
  - is terminated;
  - ceases to have effect, otherwise than in accordance with its terms; or
  - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal;
- (withdrawal) the Company and SaleCo withdraws an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;

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- (insolvency events) any Group Member becomes insolvent, or there is an act or omission which is likely to result in a Group Member becoming insolvent;
- (timetable) an event specified in the timetable set out in the Underwriting Agreement up to and including the Settlement Date is delayed by more than two Business Days (other than any delay agreed between the Company and the Joint Lead Managers);
- (unable to issue Shares) the Company is prevented from allotting and issuing the Shares to be issued under the Offer, or SaleCo is prevented from selling the Shares to be sold under the Offer, within the time required by the timetable set out in the Underwriting Agreement, the Offer Documents, the Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental agency;
- (change to Company) the Company or SaleCo:
  - alters the issued capital of the Company or a Group Member (other than persuant to an employee share or option plan described in the Prospectus); or
  - disposes or attempts to dispose of a substantial part of the business or property of the Company or a Group Member,

  without the prior written consent of the Joint Lead Managers;
- (change in management) any of the following occurs:
  - there is a change in the composition of the board of Directors of the Company; or
  - either of Leigh Jasper, Robert Phillpot, Stephen Recht, Paul Perrett, James Cook and David Chatterton resign or change their position within the Company;
- (vacancy in office) the Chairman, Chief Executive Officer or Chief Financial Officer of the Company vacates their office; and
- (prosecution) any of the following occur:
  - a director or proposed director named in a pathfinder prospectus or Prospectus of the Company or SaleCo is charged with an indictable offence;
  - any governmental agency commences any public action against the Company or SaleCo or any of its directors in their capacity as a director of the Company or SaleCo, or announces that it intends to take action; or
  - any director or proposed director named in a pathfinder prospectus or Prospectus of the Company or SaleCo is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.

If any of the following events occur at any time from the date of the execution of the Underwriting Agreement until on or before Completion of the offer or at any other time as specified below, a Joint Lead Manager may terminate its obligations if that Joint Lead Manager has reasonable grounds to believe that the event:

- has or will have a materially adverse effect on:
  - the success, settlement or marketing of the Offer or on the ability of the Joint Lead Manager to market or promote or settle the Offer or on the likely price at which the Shares issued under the Offer will trade on ASX; or
  - the willingness of investors to subscribe for the Shares to be issued under the Offer; or
- will, or is likely to, give rise to a liability of the Joint Lead Manager under, or give rise to, or result in, a contravention by the Joint Lead Manager or its affiliates or the Joint Lead Manager or its affiliates being involved in a contravention of, any applicable law, regulation or rule of any stock exchange, regulatory body or self-regulatory body, or contract relating to the Offer.

The events are:

- (change to pathfinder prospectus) there is a difference between the information contained in a pathfinder prospectus and the information required to be contained in the Prospectus;
- (contracts) if any of the obligations of the relevant parties under any of the contracts that are material to the business of the Group are not capable of being performed in accordance with their terms (in the reasonable opinion of the Joint Lead Managers) or if all or any part of any of such contracts:
  - is amended or varied without the consent of the Joint Lead Managers (acting reasonably and without delay); or
  - is breached;
- (regulatory approvals) if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform their obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents;
- (disclosures in the due diligence report and any other information) the due diligence report or verification material or any other information supplied by or on behalf of the Company or SaleCo to the Joint Lead Managers in relation to the Group or the Offer is (or is likely to be), or becomes (or becomes likely to be), false, misleading or deceptive, including by way of omission;

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- (adverse change) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group from those respectively disclosed in any Offer Document or the public information;
- (change of law) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand, the United States, Canada, the United Kingdom, Japan, Hong Kong or any member state of the European Union or any State or Territory of Australia a new law, or the Reserve Bank of Australia or New Zealand, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- (representations and warranties) a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of the Company or SaleCo (whether severally or jointly) is breached, becomes not true or correct or is not performed;
- (breach) the Company or SaleCo defaults on one or more of its obligations under the Underwriting Agreement;
- (Constitution) the Company varies any term of its Constitution without the prior written consent of the Joint Lead Managers or the Company does not comply with its Constitution;
- (legal proceedings) any of the following occurs:
  - the commencement of legal proceedings against the Company, any other Group Member or against any director of the Company or any other Group Member in that capacity; or
  - any regulatory body commences any enquiry or public action against a Group Member;
- (information supplied) any information supplied (including any information supplied prior to the date of the Underwriting Agreement) by or on behalf of a Group Member to the Joint Lead Managers in respect of the Offer or the Group is, or is found to be, false, misleading or deceptive, or likely to mislead or deceive (including by omission);
- (hostilities) hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, the United Kingdom, the People's Republic of China, United Arab Emirates, India, Singapore, or any member state of the European Union, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- (certificate incorrect) a statement in any closing certificate given under the Underwriting Agreement is false, misleading, inaccurate or untrue or incorrect; and
- (disruption in financial markets) any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, Singapore, Hong Kong, the United Kingdom or the United States is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, Singapore, Hong Kong, the United Kingdom or the United States, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
  - trading in all securities quoted or listed on ASX, New York Stock Exchange, London Stock Exchange, Hong Kong Stock Exchange or the Singapore Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading.

9.10 Voluntary escrow arrangements

Each of the Escrowed Securityholders (listed in the table below) has entered into a voluntary escrow deed with the Company in respect of their Escrowed Securities. Under the escrow deed, the Escrowed Shareholders agree, subject to limited exceptions, not to deal in those escrowed Shares from Completion of the Offer until expiry of the escrow period.

All of the Escrowed Securities held by the Directors (including Leigh Jasper and Rob Phillpot) and Stephen Recht and Paul Perrett on completion of the Offer will be escrowed until the Company releases its results for the period ending 31 December 2015 to the ASX.

All of the Escrowed Securities held by the other Escrowed Securityholders will be escrowed until the Company releases its results for the period ending 30 June 2015 to the ASX.

The number of Escrowed Securities in respect of which the Escrowed Securityholders have agreed to enter into voluntary escrow arrangements with the Company are set out in the table below.

The escrow restrictions will cease to apply in certain circumstances, including in the event that:

- a takeover bid is made for the Shares, subject to certain conditions; and
- a scheme of arrangement relating to the Shares becomes effective.

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Escrowed Securityholder	Shares held immediately post Completion of the Offer[1]	Vested Options held immediately post Completion of the Offer[2]	Unvested Options held immediately post Completion of the Offer[2]	Escrowed Securities[3]		
				Shares	Vested Options[2]	Unvested Options[2]
Adam Lewis (Independent Chairman)	2,857,680	230,542	368,333	2,857,680	230,542	368,333
Leigh Jasper (Executive Director and CEO)	13,025,700	763,334	388,666	13,025,700	763,334	388,666
Rob Phillpot (Executive Director and Co-Founder)	12,950,826	431,666	258,334	12,950,826	431,666	258,334
Keith Toh (Non-Executive Director)	16,000	-	-	16,000	-	-
Paul Unruh (Independent Non-Executive Director)	145,783	12,550	141,667	145,783	12,550	141,667
Simon Yencken (Independent Non-Executive Director)	2,311,917	16,667	103,333	2,311,917	16,667	103,333
Stephen Recht (Chief Financial Officer)	-	687,537	516,021	-	687,537	516,021
Paul Perrett (Chief Operating Officer)	135,714	623,927	345,834	135,714	623,927	345,834
Other Existing Shareholders	59,223,940	3,530,548	5,905,049	48,972,841	1,617,740	-
Investors in the Offer	73,684,210	-	-	-	-	-
Total securities	**164,351,770**	**6,296,771**	**8,027,237**	**80,416,461**	**4,383,963**	**2,122,188**

Notes:

1. Shares acquired under the Offer.
2. Vested and Unvested Options are only held by Directors, senior management and staff. Shares issued as a result of the exercise of vested Options cannot be sold during the applicable escrow period.
3. Certain additional trading restrictions apply to Directors, senior executives and their associates. Please refer to the Company's Securities Trading Policy for further details.

9.11 Ownership restrictions

The sale and purchase of Shares is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone, or in combination with others). This Section 9.11 contains a general description of these laws.

9.11.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict the acquisition of shares in listed companies (and unlisted companies with more than 50 members), if the acquirer's voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in a company.

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9.11.2 Foreign Acquisitions and Takeovers Act 1975

Generally, the Foreign Acquisitions and Takeovers Act applies to acquisitions of shares and voting power in a company of 15% or more by a single foreign person and its associates (substantial interest), or 40% or more by two or more unassociated foreign persons and their associates (aggregate substantial interest). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

9.12 Summary of tax issues for Australian tax resident investors

The comments in Section 9.12 provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire ordinary shares under this Prospectus and that hold Shares in the Company on capital account for Australian income tax purposes.

The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account.

This summary does not consider the consequences for foreign resident Shareholders, insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading in Shares, or Shareholders who are exempt from Australian tax. This summary also does not cover the consequences for Shareholders who are subject to the Taxation of Financial Arrangement rules contained in Division 230 of the Income Tax Assessment Act 1997.

The summary in Section 9.12 is general in nature and is not exhaustive of all income tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of the Shareholder.

It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and Goods and Services Tax (**GST**) consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

The summary in Section 9.12 is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this Prospectus. The summary does not take into account the tax law of countries other than Australia.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in these summaries does not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant tax authorities. If there is a change, including a change having retrospective effect, the tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications of ownership or disposal of the Shares will depend upon each Shareholder's specific circumstances.

This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to taxation issues and is only one of the matters which need to be considered by Shareholder before making a decision about their investments. Shareholders should consider taking advice from a licenced advisor, before making a decision about their investment to acquire Shares under this Prospectus.

9.12.1 Income tax treatment of dividends received by Australian tax resident Shareholders

9.12.1.1 Australian tax resident individuals and complying superannuation entities

Where dividends on a Share are paid by the Company, those dividends should constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credits attached to that dividend.

The rate of tax payable by each Australian Shareholder that is an individual will depend on the individual circumstances of the Shareholder and his/her prevailing marginal rate of income tax.

Shareholders who are individuals or complying superannuation entities should be entitled to a "tax offset" equal to the franking credits attached to the dividend subject to being a "qualified person" (refer further comments below). The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, such Shareholders should be entitled to a tax refund.

Where a dividend paid by the Company is unfranked, the Shareholder should generally be taxed at his or her prevailing marginal rate on the dividend received with no tax offset.

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9.12.1.2 Corporate Shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credits in their assessable income. A tax offset should then be allowed up to the amount of the franking credits on the dividend.

An Australian resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credits attached to the dividend received. Such corporate Shareholders can then pass on the benefit of the franking credits to their own shareholder(s) on the payment of franked dividends.

Excess franking credits received by a corporate Shareholder cannot give rise to a refund, but may in certain circumstances be converted into carry forward tax losses.

9.12.1.3 Trusts and partnerships

Australian tax resident Shareholders who are trustees (other than trustees of "complying superannuation entities") or partnerships should include the dividend and franking credits in determining the net income of the trust or partnership. A beneficiary, trustee or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership, as the case may be.

9.12.1.4 Shares held at risk

To be eligible for the benefit of franking credits and tax offset a Shareholder must satisfy both the "holding period" and "related payment" rules. This requires that a Shareholder hold the Shares in the Company "at risk" for more than 45 days continuously (not including the date of acquisition and disposal).

Any day on which a Shareholder has a materially diminished risk of loss or opportunity for gain in respect of the Shares (e.g. through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the Shareholder held the Shares "at risk". In addition, a Shareholder must not be obliged to make a "related payment" in respect of any dividend, unless they hold the Shares "at risk" for the required holding period around the dividend dates.

Where these rules are not satisfied, the Shareholder should not be able to include an amount for the franking credits in their assessable income and should not be entitled to a tax offset.

This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed A$5,000. However, this exemption does not apply to a dividend which is subject to the related payment rule. Special rules apply to trusts and beneficiaries.

Shareholders should obtain their own professional tax advice to determine if these requirements, as they apply to them, have been satisfied.

Legislation to implement previously announced changes by the Australian Government relating to the denial of franking tax offsets to certain "distribution washing" arrangements has recently received Royal Assent. Shareholders should have regard to these "distribution washing" changes, together with the broader integrity provisions that apply to the claiming of tax offsets, having regard to their own facts and circumstances.

9.12.2 Capital gains tax (CGT) implications for Australian tax resident Shareholders on a disposal of Shares

The disposal of a Share by a Shareholder will be a CGT event. A capital gain should arise where the "capital proceeds" on disposal exceed the "cost base" of the Share (broadly, the amount paid to acquire the Share plus any transaction costs incurred in relation to the acquisition or disposal of the Shares). In the case of an "arm's length" on-market sale, the capital proceeds should generally be the cash proceeds received from the sale of the Shares.

A CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for at least 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other forms of assessable income.

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9.12.3 Tax file numbers (TFNs)

Shareholders are not required to quote their tax file number (**TFN**), or where relevant Australian Business Number (**ABN**), to the Company. However, if a valid TFN, ABN or exemption details are not provided, Australian tax may be required to be deducted by the Company from distributions and/or unfranked dividends at the maximum marginal tax rate plus the Medicare levy. Australian tax should not be required to be deducted by the Company in respect of fully franked dividends.

A Shareholder that holds Shares as part of an enterprise may quote their ABN instead of their TFN. Non-residents are exempt from this requirement.

9.12.4 GST implications

No GST should be payable by Shareholders in respect of the acquisition or disposal of their Shares in the Company, regardless of whether or not the Shareholder is registered for GST.

Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect relevant to their particular circumstances.

No GST should be payable by Shareholders on receiving dividends distributed by the Company.

9.12.5 Stamp duty

No Australian stamp duty should be payable by Shareholders in respect of the Offer or their acquisition or disposal of their Shares in the Company whilst it is a listed company. Individual Shareholders should obtain their own independent advice depending on their individual circumstances.

9.13 Consents to be named and disclaimers of responsibility

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Each of Macquarie Capital (Australia) Limited and UBS AG, Australia Branch has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as an underwriter and a Joint Lead Manager in the form and context it is so named. Each of Macquarie Capital (Australia) Limited and UBS AG, Australia Branch takes no responsibility for any part of this Prospectus other than any reference to its name.
- Herbert Smith Freehills has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's Australian legal adviser (except in relation to taxation and stamp duty) in the form and context it is so named. Herbert Smith Freehills takes no responsibility for any part of this Prospectus other than any reference to its name.
- Ernst & Young Transaction Advisory Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in the form and context it is so named and has given, and has not withdrawn, its consent to the inclusion in this Prospectus of its Independent Limited Assurance Report in the form and context in which it is included. Ernst & Young Transaction Advisory Services Limited takes no responsibility for any part of this Prospectus other than any reference to its name and the Independent Limited Assurance Report.
- Ernst & Young has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor and Australian taxation adviser and provider of due diligence services to the Company in relation to the Historical Financial Information in the form and context in which it is named. Ernst & Young takes no responsibility for any part of this Prospectus other than any reference to its name.
- Boardroom Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Share Registry of the Company in the form and context in which it is named.
- Frost & Sullivan has given, and has not withdrawn before lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus in relation to the inclusion in this Prospectus of references to its report 'Independent Market Report on the Construction Collaboration Solutions Market (11 September 2014)' in the form and context in which they are included. Frost & Sullivan takes no responsibility for any part of this Prospectus other than any reference to its name and its report.
- Global Construction Perspectives has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of parts of its report 'Global Construction 2025' in the form and context in which they are included. Global Construction Perspectives takes no responsibility for any part of this Prospectus other than any reference to its name and its report.
- Seattle Tunnel Partners has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of the case study in Section 3.1.2.2 in the form and context in which it is included.

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- OHL-FCC Limited Partnership has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of the case study in Section 3.2.4.2 in the form and context in which it is included.
- Brookfield Multiplex has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of the case study in Section 3.4.2.3 in the form and context in which it is included.

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to above has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and, subject to the law, expressly disclaims and takes no responsibility for any statements or omissions in this Prospectus except as stated above.

9.14 Costs of the Offer

The expenses connected with the Offer, which are payable by the Company, are estimated to be approximately A$7.3 million.

9.15 ASIC relief and ASX confirmations and waivers

The Company has obtained the following exemptions, declarations and confirmations from ASIC and ASX in relation to the Offer:

- an ASIC exemption from the pre-prospectus advertising and publicity rules in section 734(2) of the Corporations Act to permit the Company to provide its shareholders and employees with certain information relating to the Offer; and
- confirmation from ASX that the Company has a track record of profitability acceptable to ASX for the purposes of ASX Listing Rule 9.1.3.

The Company has applied to ASIC for the following relief and exemptions in relation to the Offer:

- relief from section 606 of the Corporations Act so that the voluntary escrow arrangements described in Section 9.10 do not give rise to a relevant interest in the Company in 20% or more of the Shares; and
- an exemption from section 606 of the Corporations Act to allow SaleCo to acquire a relevant interest in 20% or more of the Shares.

9.16 Litigation and claims

Section 5.1.13 provides detail of a risk relating to a potential exposure faced by the Company in Algeria.

Other than as disclosed in Section 5.1.13, as far as the Directors are aware, there are no current or threatened civil litigation, arbitration proceedings or administrative actions, or criminal or governmental prosecutions of a material nature in which Aconex is directly or indirectly concerned which are likely to have a material adverse effect on the financial position of Aconex.

9.17 Existing Shareholder vote to approve the Offer

Completion of the Offer is conditional on Existing Shareholders approving certain resolutions at an extraordinary general meeting scheduled to be held on 5 December 2014. If the resolutions are not approved by the Existing Shareholders, the Offer will not proceed.

The Directors have unanimously recommended that Existing Shareholders vote in favour of the relevant resolutions.

9.18 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law applicable in Victoria, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria, Australia.

9.19 Statement of Directors

This Prospectus is authorised by each Director of the Company and by each director of SaleCo, who each consent to its lodgement with ASIC and its issue.

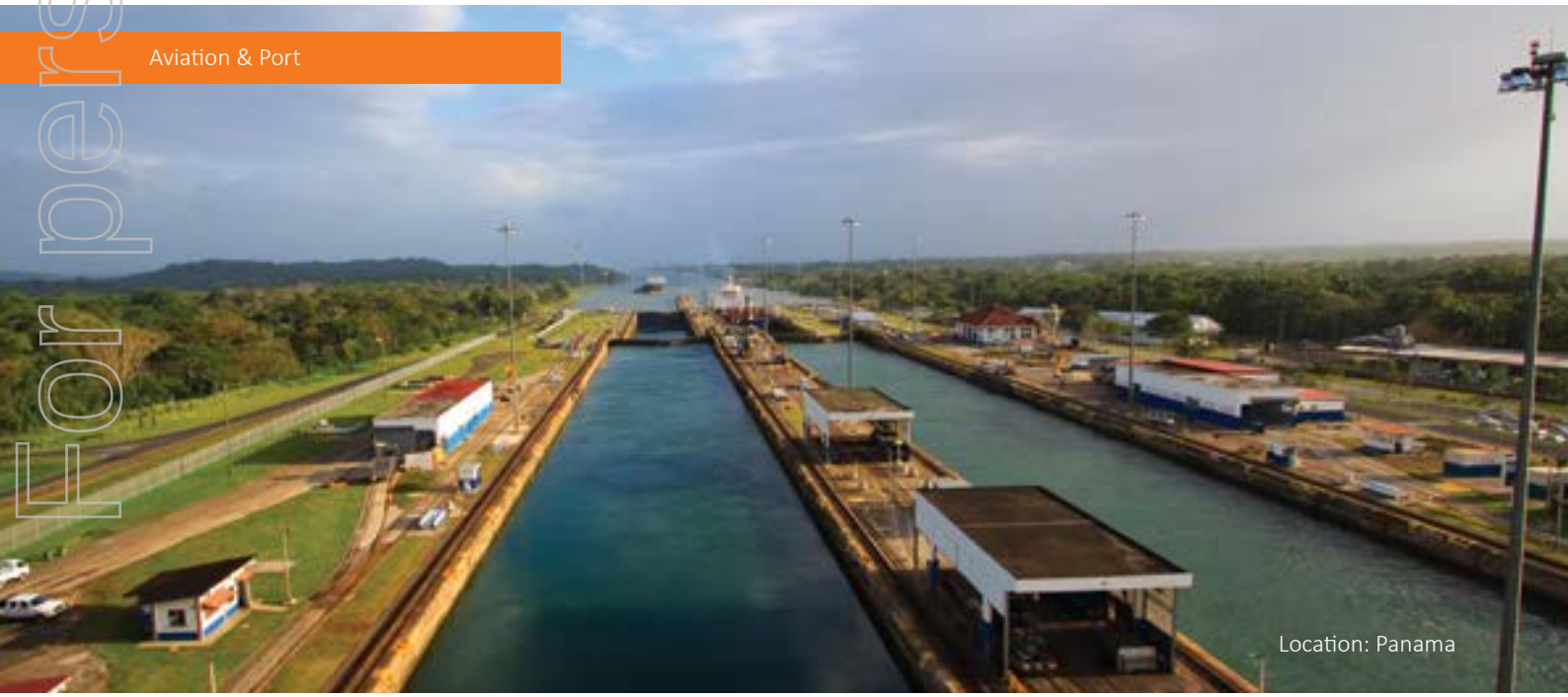
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10 Glossary

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10. Glossary

Term	Description
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
Aconex or **Company**	Aconex Limited ABN 49 091 376 091. In addition, where the context requires, references to "Aconex" include any of its subsidiaries and references to "the Aconex group" relate to Aconex together with all of its subsidiaries
Android	an open-source operating system used for smartphones and tablet computers
ANZ	Australia and New Zealand
Applicant	a person who submits an Application
Application	an application made to subscribe for Shares offered under this Prospectus
Application Form	the application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
Application Monies	the amount of money accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules or **Listing Rules**	the listing rules of the ASX as amended, varied or waived from time to time
Australian Accounting Standards or **Accounting Standards**	Accounting Standards as defined in the Corporations Act
BIM	building information modelling
Board	the board of directors of Aconex
Bookings	a customer commitment, via a contract, to utilise a construction collaboration product over a specified period of time
Broker	any ASX participating organisation selected by the Joint Lead Managers and Aconex to act as a broker to the Offer
Broker Firm Offer	the offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker
Broker Firm Offer Applicant	a person who submits an Application under the Broker Firm Offer
Business Day	has the meaning given in the ASX Listing Rules
CAGR	compound annual growth rate
Chairman	the chairman of the Company
Chairman's List Invitation	the invitation under this Prospectus to selected investors nominated by the Chairman to participate in the Chairman's List Offer up to the allocation of Shares nominated by the Chairman
Chairman's List Offer	a component of the Retail Offer under which investors who have received a Chairman's List Invitation are invited to apply for Shares
CHESS	Clearing House Electronic Subregister System
Class A Preference Shares	the A1 preference shares in the capital of Aconex, all of which are held by Francisco Partners and all of which will be converted into ordinary Shares pursuant to the Conversion and sold into the Offer
Closing Date	the date on which the Retail Offer is expected to close, being 4 December 2014
Completion	the completion of the Offer, being the date upon which Shares are issued to Successful Applicants in accordance with the terms of the Offer

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Term	Description
Constitution	the constitution of Aconex
Conversion	the conversion of all of the Class A Preference Shares and Convertible Preference Shares into ordinary Shares, which will occur on or before the Business Day immediately prior to Completion of the Offer as described at Section 9.4
Convertible Preference Shares	the convertible preferences shares in the capital of Aconex, all of which will be converted into ordinary Shares pursuant to the Conversion
Corporations Act	*Corporations Act 2001* (Cth)
Directors	each of the directors of Aconex from time to time
EBIT	earnings before net interest and financing costs and tax
EBITDA	earnings before net interest and financing costs, tax, depreciation and amortisation expenses
Enterprise Agreement	a subscription agreement where a customer pays an agreed fee, typically on an annual recurring basis, to use a construction collaboration solution across all of their projects
Ernst & Young	Ernst & Young ABN 75 288 172 749
Ernst & Young Transaction Advisory Services Limited	Ernst & Young Transaction Advisory Services Limited ABN 87 003 599 844
Escrowed Securities	the Shares and Options held by Escrowed Securityholders that are subject to escrow restrictions as set out in Section 9.10
Escrowed Securityholders	means the persons specified in the table in Section 9.10 and their controlled entities
ESOP	the Company's legacy share option plan as described at Section 6.3.1.1
Executive Director	an executive Director of the Company, comprising Leigh Jasper and Rob Phillpot as at the Prospectus Date
Existing Shareholder	a person holding Existing Shares as at the Prospectus Date
Existing Shares	the existing shares in the Company as at the Prospectus Date which comprise the following classes of shares: – Class A Preference Shares (held by Francisco Partners); – Convertible Preference Shares (held by management employee Shareholders and others); and – Shares (held by management and employee Shareholders and others), all of which (other than the Shares) will become ordinary Shares immediately prior to Listing pursuant to the Conversion, as described in Section 9.4
Expiry Date	13 months after the Prospectus Date
Exposure Period	the seven day period after the date of lodgement of the Original Prospectus, which expired on 24 November 2014
Financial Information	has the meaning given in Section 4.1
Financial Year or **FY**	year to 30 June
Forecast Financial Information	has the meaning given in Section 4.1
Forecast Period	Financial Year ending 30 June 2015 and Calendar Years ending 31 December 2014 and 31 December 2015
Francisco Partners	means Francisco Partners II L.P. and Francisco Partners Parallel, L.P.
Group	means the Company and its respective subsidiaries and Group Member means any member of the Group
Historical Financial Information	has the meaning given in Section 4.1
Historical Period	Financial Years ending 30 June 2012, 30 June 2013 and 30 June 2014

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Term	Description
Independent Limited Assurance Report	the report prepared by Ernst & Young Transaction Advisory Services Limited referred to in Section 8
Institutional Investor	an investor: – in Australia who is either a "professional investor" or "sophisticated investor" under sections 708(11) and 708(8) of the Corporations Act; or – in certain other jurisdictions, as agreed between the Company and the Joint Lead Managers, to whom offers or invitations in respect of securities can be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing, in its absolute discretion, to comply) provided that if such person is in the United States, it is only an Institutional Investor if it is an Eligible US Fund Manager
Institutional Offer	the invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.5
Investigating Accountant	Ernst & Young Transaction Advisory Services Limited
iOS	an operating system used for mobile devices manufactured by Apple Inc
Joint Lead Managers	Macquarie Capital (Australia) Limited ABN 79 123 199 548 and UBS AG, Australia Branch ABN 47 088 129 613
Listing	the admission of the Company to the official list of the ASX
multi-tenancy	a principle in software architecture where a single instance of the software runs on a server, serving multiple client-organisations (tenants)
Net Working Capital	has the meaning given in Section 4.2.4
neutral platform	a collaboration platform where information is not placed in the control of the paying customer; all project users are able to store and share their information while retaining ownership and control, regardless of their role in the project
NPAT	net profit after tax
O&M	operations and maintenance
Offer	the offer under this Prospectus of Shares for issue by Aconex and Shares for sale by SaleCo
Offer Documents	for the purposes of Section 9.9, means the documents issued or published by or on behalf of the Company and SaleCo with their prior approval in respect of the Offer and in a form approved by the Joint Lead Managers
Offer Period	the period from the Opening Date and ending on the Closing Date
Offer Price	$1.90 per Share
Open BIM	a universal approach to the collaborative design, realisation and operation of buildings based on open standards and workflows
Opening Date	the date on which the Retail Offer opens, being 25 November 2014
Optional Modules	modules that can be added to the base Aconex platform for an additional cost, which deliver additional functionality
Options	an option to acquire a Share in consideration for payment of the exercise price
Original Prospectus	the prospectus dated 17 November 2014 in relation to the Offer, which is replaced by this Prospectus
Pro Forma Financial Information	Historical and Forecast Financial Information reflecting certain events and assumptions that will be in place following Completion as if they had occurred or were in place as at 30 June 2010, with specific adjustments as described throughout Section 4
Project Users	the specific users of the Aconex offering on a particular project

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Term	Description
Prospectus	this document (including the electronic form of this Prospectus) dated 25 November 2014, which is a replacement prospectus and which replaces the Original Prospectus
Prospectus Date	the date on which a copy of this Prospectus was lodged with ASIC, being 25 November 2014
Retail Offer	the Broker Firm Offer and the Chairman's List Offer
SaaS	software as a service
SaleCo	Aconex SaleCo Limited ACN 602 035 852
Sale Deed	for the purposes of Section 9.9, means each share sale deed given by a Selling Shareholder in favour of the Company and SaleCo, under which that Selling Shareholder irrevocably covenants to sell the specified Securities it holds in the Company to SaleCo
Segment Operating Contribution	has the meaning given in Section 4.2.4
Segment Operating Contribution Margin	Segment Operating Contribution as a percentage of segment revenue in the corresponding financial period
Selling Shareholders	Existing Shareholders of Aconex who irrevocably offer to sell some or all of their Shares in Aconex to SaleCo for sale by SaleCo under the Offer
Settlement Date	for the purposes of Section 9.9, means the day of settlement under the Broker Firm Offer, the Chairman's List Offer and the Institutional Offer
Share	a fully paid ordinary share in the capital of Aconex
Share Registry	Boardroom Pty Limited ABN 14 003 209 836
Shareholder	a holder of a Share
Successful Applicant	an Applicant who is issued or transferred Shares under the Offer
UBS AG, Australia Branch	UBS AG, Australia Branch ABN 47 088 129 613
Underwriting Agreement	the agreement of that name between the Company, SaleCo and the Joint Lead Managers dated on or about the Prospectus Date
US Person	has the meaning given in Rule 902(k) of Regulation S promulgated under the US Securities Act
US or **United States**	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
US Securities Act	US Securities Act of 1933, as amended

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11 Summary of Key Accounting Policies

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11. Summary of Key Accounting Policies

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

Compliance with the Australian Accounting Standards ensures that the Financial Information complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities (including Class A Preference Shares) at fair value.

New, revised or amending Accounting Standards adopted

Aconex Limited and its consolidated subsidiaries (Aconex) has adopted all of the new recognition and measurement requirements, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the year ended 30 June 2014.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the financial performance or position of Aconex.

Basis of consolidation

The Financial Information comprises the financial statements of Aconex Limited and its consolidated subsidiaries as at and for each of the periods disclosed.

Subsidiaries are all those entities over which Aconex has the power to govern the strategic operating, investing and financing policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Aconex controls the subsidiary.

Control exists where Aconex has the capacity to control the decision making in relation to the strategic operating, investing and financing policies of another entity so that the other entity operates with Aconex to achieve the objectives of Aconex.

Subsidiaries are consolidated from the date on which control is transferred to Aconex.

All inter-company balances and transactions between entities within Aconex, including any unrealised profits or losses, are eliminated upon consolidation.

The audited 2014 Financial Statements lodged with ASIC contain further information on Aconex's subsidiaries.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, Aconex elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in general and administrative expenses.

When Aconex acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in the income statement. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate Accounting Standards. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interest, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

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After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Aconex's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Income tax and other taxes

Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of any goods and services taxes except:

- when the goods and services tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- receivables and payables, which are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Commitments and contingencies are disclosed net of the amount of goods and services tax recoverable from, or payable to, the taxation authority.

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Plant and equipment

Each class of plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses, if any.

Depreciation

The depreciable amounts of all fixed assets, including capitalised leased assets, are depreciated on a straight-line basis over their estimated useful lives commencing from the time the asset is held ready for its intended use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of plant and equipment	Depreciation rates
Leasehold improvements	14% to 100%
Furniture, fixtures and fittings	20% to 33%
Computer equipment	33%
Motor vehicles	15%

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

Impairment of non-financial assets

Aconex assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Aconex estimates the asset's recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are recognised when Aconex becomes a party to the contractual provisions of the instrument. This is equivalent to the date that Aconex commits itself to either the purchase or sale of the asset.

Financial assets are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through the income statement, in which case transaction costs are expensed to the income statement immediately.

Subsequent measurement

Financial assets are subsequently measured at either fair value or amortised cost using the effective interest rate method. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as follows:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or less the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- less any reduction for impairment.

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 stated at amortised cost using the effective interest rate method.

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Held-to-maturity investments

These investments have fixed maturities and it is Aconex's intention to hold these investments to maturity. Any held-to-maturity investments of Aconex are stated at amortised cost using the effective interest rate method, less impairment.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has a significant continuing involvement in the risks and benefits associated with the asset.

Impairment of financial assets

Aconex assesses at each reporting date whether there is an indication that a financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Aconex estimates the asset's recoverable amount.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when Aconex becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless the instruments are designated as hedges.

Compound financial instruments

Compound financial instruments issued by Aconex to Francisco Partners comprise of Class A Preference Shares that may be converted to ordinary share capital in the event of an initial public offering or majority approval of holders of Class A Preference Shares. Due to the operability of the anti-dilution clauses in the preference shareholder agreement, the non-debt component of the compound financial instrument is considered a derivative liability.

Derecognition

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the income statement.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Capitalised development costs

Aconex accounts for the cost of software developed for internal use by capitalising qualifying costs which are incurred during the application development stage and amortising them over the software's useful life. Costs incurred in the preliminary and post-implementation stages are expensed as incurred. The amounts capitalised include external direct costs of services used in developing internal-use software (if any), as well as payroll and related costs of employees directly associated with the development activities.

Development expenditures on an individual project are recognised as an intangible asset when Aconex can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit and the amortisation expense is included in engineering and product development expense. During the period of development, the asset is tested for impairment annually.

Software and software licences

Software and software licences are carried at cost less accumulated amortisation and any impairment losses. These intangible assets have been assessed as having a finite life and are amortised using the straight-line method.

A summary of the policies applied to Aconex's intangible assets is as follows:

	Development costs	Software	Software licences
Useful lives	Finite 3 years	Finite 3 years	Finite 1 to 3 years
Amortisation method used	Amortised on a straight-line basis over the period of expected benefit	Amortised on a straight-line basis over the period of expected future benefit	Amortised on a straight-line basis over the period of the licence.
Internally generated or acquired	Internally generated	Acquired	Acquired

Employee benefits

Provision is made for Aconex's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus payroll-related costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries including any non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee services up to the reporting date. They are measured at the amounts to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when leave is taken and measured at the rates paid.

Long service leave

The liability for long service is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Post-employment benefits

Aconex makes contributions to external superannuation funds in accordance with existing employment contracts and to meet its obligations under jurisdiction taxation law and are charged as expenses when incurred.

Gratuity benefits

A provision for gratuity is made for employees' terminal benefits on the basis prescribed under local jurisdictional labour laws based on the employees' salaries and numbers of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment.

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Share-based payment transactions

Aconex operates an equity-settled employee share option plan.

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in share-based payments reserve in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and Aconex's best estimate of the number of equity instruments that will ultimately vest. The share-based payments expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefit expense.

The fair value of share options are estimated at the grant date using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity date of three months or less. Cash and cash equivalents are held for working capital purposes.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Restricted cash

Restricted cash are amounts held as security against various lease obligations and customer performance guarantees that are not available for short-term use.

Revenue recognition

Aconex derives its revenues predominately through the sale of its subscription services which allows customers to access the Aconex's project collaboration platform software through a Software as-a-Service model, and, to a much lesser extent, through the provision and sale of certain professional support services.

Revenue from subscription and professional support services is recognised when all of the following conditions have been satisfied:

- there is persuasive evidence of an arrangement;
- the service has been provided to the customer;
- collection is reasonably assured; and
- the amount of fees to be paid by the customer is fixed or determinable.

If collection is not considered reasonably assured, then Aconex recognises revenue only when the fees for the services performed are collected. Subscription service arrangements are generally non-cancellable after providing three months of subscription services, and thereafter contain penalties for early cancellation, although customers typically have the right to terminate their contracts for cause if Aconex fails to perform its material obligations pursuant to their subscription service arrangements. Additionally, to the extent Aconex subscription service arrangements include non-standard cancellation terms or rights to refunds/contingent revenues, Aconex will recognise revenue upon the satisfaction of such criteria, as applicable.

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Revenue is disclosed as net of a reserve for customer credits in the income statement. The reserve for customer credits is estimated based on historical patterns of actual credit memos issued. Whilst invoiced fees are supported by the terms of the contract, credit memos may be issued to maintain the relationship with the customer.

Platform licence and hosting service revenue

Aconex's standard terms and conditions of sale for subscription services do not permit the customer to take possession of software and run the software in-house or through an unrelated third party to host the Aconex software. Therefore, revenue recognised for Aconex's services are accounted for as services as opposed to sales of software.

Aconex's fixed commitment subscription services arrangements generally include the provision of access to Aconex's platform licence and hosting services (subscription services) for its various software products, together with the related implementation and set-up services, training, maintenance and customer support. Aconex has determined that the subscription service, including implementation and set-up services, training and customer support, represents a single unit of accounting and therefore revenue is recognised rateably over the contract terms beginning on the commencement date of each contract, which is generally the date Aconex's subscription services are made available to its customers.

Aconex's various software services include the Aconex base platform licence and hosting service which is sold with various additional add-on modules. Aconex also sells the following platform licence and hosting services: Aconex Smart Manuals, Aconex Field and BidContender. To date, generally software services have been sold and delivered together and as such have been treated as a single unit of accounting. Where evidence of fair value is established for the different software services, revenue is recognised over the respective service period.

When Aconex enters into multiple element arrangements, the arrangement consideration is allocated to deliverables based on their relative selling price. To the extent an arrangement includes the subscription service and follow-on professional support services, such as data archiving services or training courses, Aconex allocates the total amount the customer will pay to the separate units of accounting based on their relative fair values and resulting revenues are recognised as the services are performed, assuming all other revenue recognition criteria are met. Aconex has determined that the following professional support services represent standalone value and are accounted for as separate units of accounting after considering the following factors: availability of the services from other vendors, whether objective or reliable evidence for fair value exists, nature of the services provided, and timing of when the services are engaged with the customer.

Professional support services revenue

Professional support services revenue consists primarily of fees associated with other follow-on professional, archiving services and document controller training courses. Professional support services arrangements, which accounted for 3% and 4% of total services revenue for the years ended 30 June 2014 and 2013 respectively are typically billed on a time and materials basis and recognised as revenue when the services are delivered, or rendered. These professional support services have standalone value because these services are sold separately by Aconex. The document controller training course was terminated in February 2013 and did not represent a major line of business.

Interest revenue

Interest revenue is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

Government grants revenue

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Deferred revenue

Aconex recognises revenue for its services over the related service period. Aconex generally invoices customers in advance of the services through upfront fees, fixed fees or through annual, quarterly or monthly instalments. Deferred revenue represents the billed and unearned portion of existing fees which will be recorded as revenue in the income statement as the services are delivered.

Current deferred revenue represents revenue that will be recognised over the succeeding 12 months from balance date.

Sales commissions

Sales commissions are recognised as an expense and a liability upon signing a contract with the customer based on the amount of commissions expected to be paid. The sales commission expense is recognised in the income statement as sales and marketing expense.

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Leases

The determination of whether an arrangement contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term. Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

Foreign currency transactions

Aconex's financial statements are presented in Australian currency, which is also the parent company's functional currency. Each entity in Aconex determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by Aconex entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the income statement with the exception of monetary items that are designated as part of the hedge of Aconex's net investment of a foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of the gain or loss on change in fair value of the item.

Aconex companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian currency at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Change in accounting policy

Aconex has adopted a voluntary change in accounting policy in relation to the representation of certain expenses. As required by Accounting Standards, comparative figures were adjusted to conform to changes in presentation for the 30 June 2014 Financial Statements.

The reason for this reclassification is to encompass all costs associated with the ongoing engineering and product development function. These costs include both amortisation of capitalised development costs and software fixes expenditure. Aconex believes this change provides more relevant information to readers regarding the engineering and product development function.

Significant accounting judgements, estimates and assumptions

The preparation of Aconex's Financial Statements requires management to make significant accounting judgements, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its significant accounting judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on various other factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying value of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Provision for impairment of receivables

Included in trade receivables at balance date are amounts that may not ultimately be recoverable due to commercial disputes or changes in specific client economic circumstances. A provision for impairment has been recognised by Aconex.

Class A Preference Shares

The value of the derivative liability represents the option paid by Francisco Partners to convert the Class A Preference Shares to the company's ordinary shares and liquidation preferences. The value of the derivative liability is required to be revalued to fair value at each balance date, if the fair value of the ordinary shares and therefore the derivative liability can be reliably determined. Any adjustment to the fair value of the derivative liability is required to be recognised in the income statement. As the Class A Preference Shares approach maturity, Aconex has been able to reliably estimate and attribute a fair value to the derivative liability and had received an independent valuation of the fair value of the derivative liability at 30 June 2014.

The audited 2014 Financial Statements disclose further information on the Class A Preference Shares.

Share-based payment transactions

Aconex measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires significant assumptions such as determining the most appropriate inputs to the valuation model including the expected life of the share option, share price, volatility and dividend yield. The share price used as an input requires significant assumptions as to the estimate of enterprise value and methodology used to allocate value between the different classes of security.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Aconex establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. As Aconex assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised, other than those disclosed in the Financial Statements.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Development costs

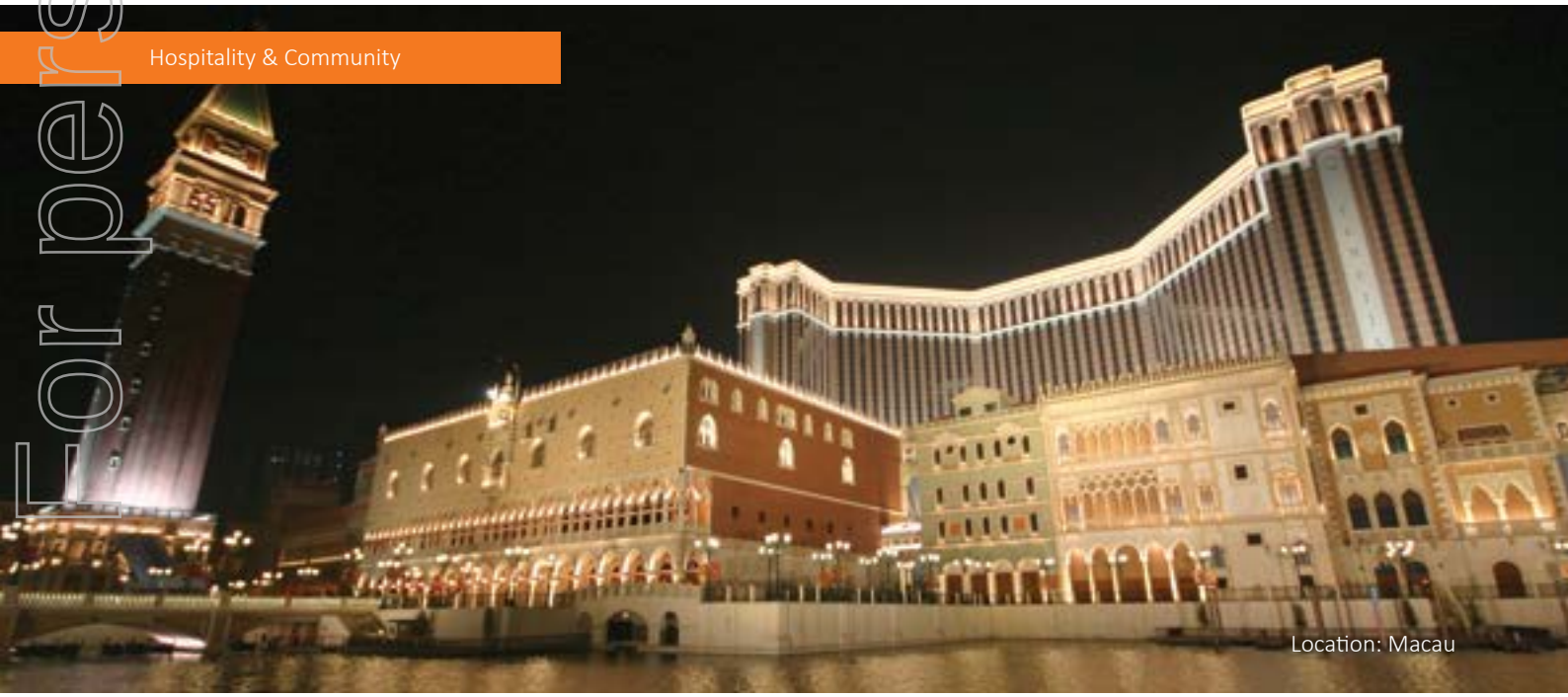
Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed and when the preliminary project stage has been completed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, expected period of benefits and determination of whether the expenditure will result in significant functionality. Aconex has restricted its policy to only capitalising projects that are significant, as this minimises risk over capitalisation and is viewed as consistent with industry peers. Aconex's policy is to capitalise expenditure for new product development, or product development that significantly enhances existing software, that is expected to result in significant commercial benefits.

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12 Corporate Directory

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Hospitality & Community



Location: Macau

12. Corporate Directory

Aconex registered office

Aconex Limited
96 Flinders Street
Melbourne VIC 3000

Joint Lead Managers

Macquarie Capital (Australia) Limited
50 Martin Place
Sydney NSW 2000

UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Australian legal adviser to the Company

Herbert Smith Freehills
101 Collins Street
Melbourne VIC 3000

Investigating Accountant

Ernst & Young Transaction Advisory Services Limited
8 Exhibition Street
Melbourne VIC 3000

Auditor and taxation adviser

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000

Share Registry

Boardroom Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000

Aconex Offer Information Line

1300 737 760 (within Australia)
+61 2 9290 9600 (outside Australia)
between 8.30am and 5.30pm (Melbourne Time),
Monday to Friday

Offer website

www.aconexshareoffer.com

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