

aconex

2017 Annual Report



About Aconex

Aconex is the #1 cloud collaboration platform for digital project delivery.

The Aconex platform connects owners, contractors and their project teams in the construction, infrastructure, energy and resources sectors, providing project-wide visibility and control between the many different organisations collaborating across their projects.

With more than 70,000 user organisations in 70 countries, Aconex is the construction industry's most widely adopted and trusted platform.

Founded in 2000, Aconex has 47 offices in 23 countries around the world. The company's ordinary shares are traded on the Australian Securities Exchange (ASX) under the ticker code ACX and are included in the S&P/ASX 200 Index. For more information, visit [aconex.com](https://www.aconex.com)

Purpose

Connecting teams to build the world.

Farrans Construction Enterprise
Great Britain and Ireland



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“Aconex ensures that everybody receives the same information at the same time and allows us to track it.”

Lawrence Vincent-Edwards, Development Director,
Dubai Airports Enterprise

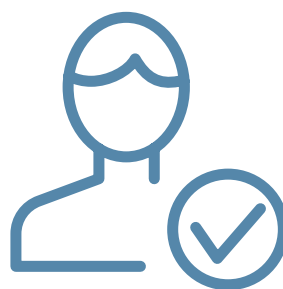
FY17 HIGHLIGHTS

#1

Strengthened
global leadership
position



Delivered financial
results in line with
guidance



Conject
integration
complete



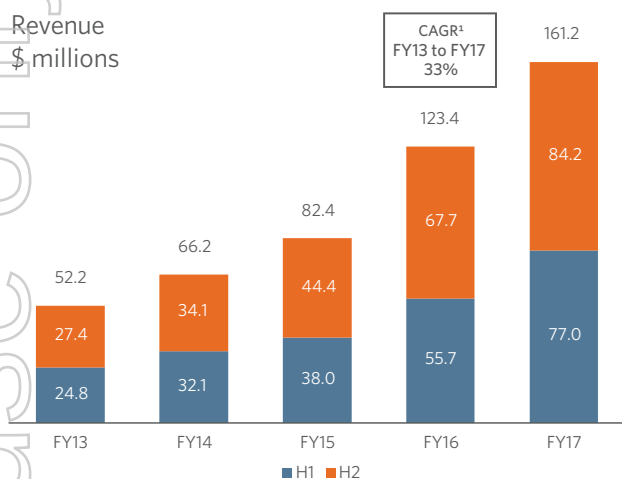
Connected Cost
launch



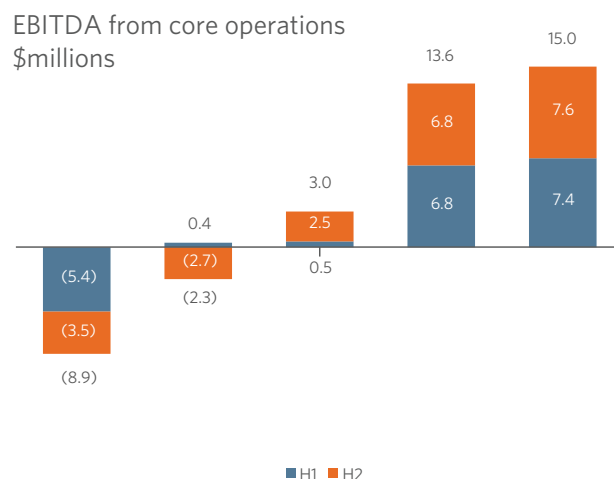
Investment for
growth

FINANCIAL SUMMARY

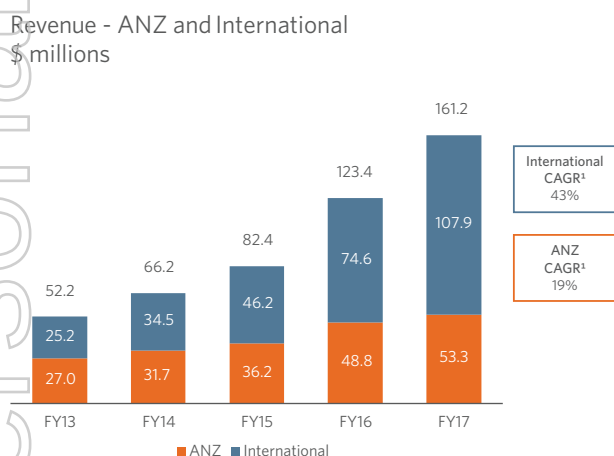
Revenue
\$ millions



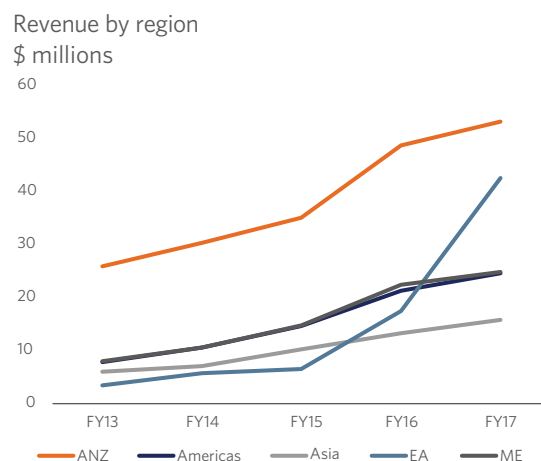
EBITDA from core operations
\$ millions



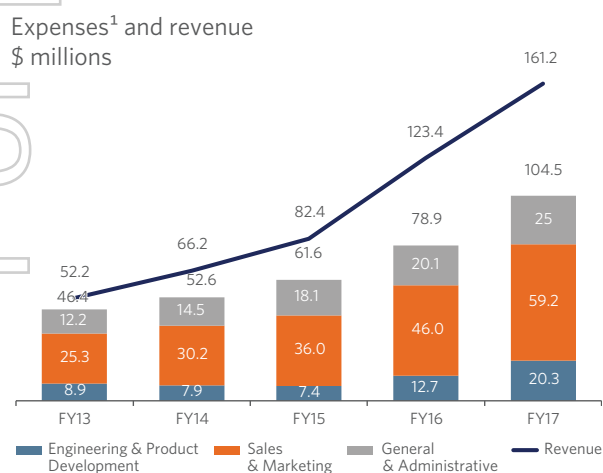
Revenue - ANZ and International
\$ millions



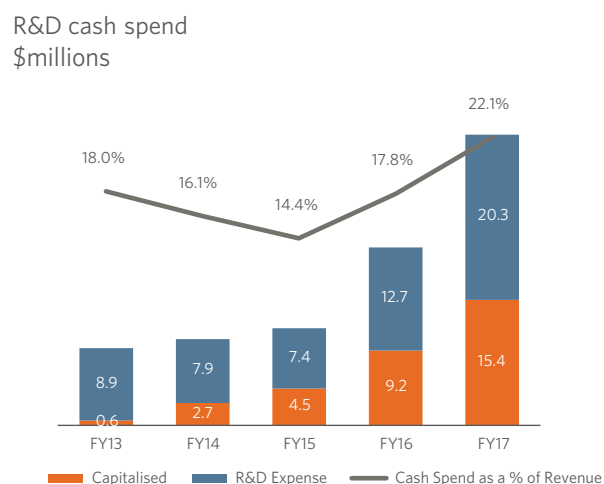
Revenue by region
\$ millions



Expenses¹ and revenue
\$ millions



R&D cash spend
\$ millions



¹ Excluding FX, depreciation and amortisation, acquisition and integration costs.

Chairman and CEO Letter

Dear Shareholder

In 2017, Aconex strengthened its position as the leading provider of construction collaboration software globally. We delivered rapid growth with the continued expansion of our user network, driven by significant new product development and scaling of our global sales and marketing, and customer service functions.

The confluence of several factors presented challenges during the first half of the year which resulted in a revised near-term business outlook. Sales regained momentum in the second half and we delivered solid FY17 financial results, in line with guidance.

Revenue in 2017 grew to \$161.2m, growing at 36% on a constant currency basis (31% actual), while EBITDA increased to \$15.0m. Operating contributions were positive in all regions and revenue from enterprise agreements increased as more customers standardised on our platform.

The integration of Conject was completed during the year and has consolidated our global leadership position. Although we were overly ambitious in expecting to rapidly grow in the region while integrating the business, we believe that the strategic and operational benefits of the acquisition will substantially increase the long-term value that we can deliver to Aconex customers and shareholders.

We count many global construction leaders as customers and each year they drive increasing use of Aconex on all their projects. Our pipeline of work continues to grow as this network builds and project teams rely on Aconex to successfully deliver increasingly complex construction and infrastructure projects around the world. We are rapidly emerging as the core digital operating platform in the industry.

Global construction activity is US\$9.5 trillion and will account for approximately 14.7% of global GDP by 2030.¹ Historically, low productivity in the industry affords a significant opportunity for technology to drive efficiency improvements through faster design and construction, lower delivery costs, less re-work, higher quality assets and safer workforces. We expect continued adoption and increasing usage in coming years.

As the global leader, Aconex is at the centre of this transformation and is changing the way project teams are working together. We are fast becoming the international industry standard; working closely with leading players in the industry, we have a large, embedded and growing market position.

Increasing customer value

One of our strengths is a deep understanding of our customers' needs and the opportunity for technology to lift industry productivity. To deliver this promise, we are investing in the evolution and extension of our product.

In FY17 we invested \$35.1 million or 22% of total revenue into product development. We added Connected Cost, design management, packages, advanced mail routing, PDF checklists, new reports and extended our ecosystem as well as ongoing enhancements to our core platform. We also extended security through our Aconex Gov program, securing inclusion as *in-process* in the FedRAMP program in the US, which will enable us to serve government projects with the highest compliance requirements in the world.



Leigh Jasper | Chief Executive Officer
Adam Lewis | Chairman

¹ Oxford Economics Global Construction 2030.

Released in November 2016, Connected Cost enables project teams to manage budgets, contracts, cost to complete and progress claims. It will be a key growth driver for Aconex increasing our total addressable market, improving customer win rates and increasing yield. Initial customer feedback across each of our regions has been positive and this will be a key focus area for our sales teams in FY18.

Growing the network

We continually expand our customer base across our geographic regions and different industry sectors, with particularly strong growth in infrastructure. We see an ongoing transition of project customers to enterprise agreements, which has strong flow-on network effects, strengthens customer retention, and broadens our recurring revenue base. In Australia & New Zealand, enterprise customers now represent 68% of our total revenue. Company-wide, enterprise customers now represent nearly half our revenue.

Our strategy is to replicate the highly profitable Australian business model on a global scale. The success of our tailored regional strategies has increased sales outside of Australia which grew 45% on the prior year and now account for approximately 67% of the Company's revenue.

In the Americas, our strengthened sales and marketing capability and growing brand awareness is expanding our customer base and we won many high-profile infrastructure projects. In Asia, the world's largest construction market, we expanded our pipeline of work and local partner network, to ensure we are well positioned to take advantage of rapidly growing infrastructure investment, particularly in China. In Europe, we improved sales and productivity and have increased average contact size.

We have enormous potential for growth for many years to come and we are rigorously focused on achieving this on a global scale.

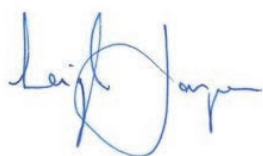
Driving performance

We are committed to continuously improving our corporate governance. In FY17 we improved our Board and committee processes, refined our remuneration practices and the Board continued to work closely with the management team to balance near-term performance with the right level of investment in long-term growth.

An ongoing focus for Aconex is the attraction and retention of great people. Throughout the year, we strengthened our executive team with the appointment of Mr. Paul Koppelman, an experienced industry leader and finance executive, as Chief Financial Officer. We also appointed former Zendesk Vice President, Gabriele Famous as Chief Marketing Officer, bringing more than 20 years of leadership and cloud computing experience to the Company. Our staff engagement and retention remains high and we are proud of our diverse, highly talented employees around the world.

We have a highly-credentialed leadership team, a proven business model, a growing global sales reach, an established service and operations network, a differentiated and in-demand product solution, and a market leading customer base.

These company attributes and the positive dynamics of our industry will enable us to drive scale and stronger returns for investors. On behalf of the Board, we would like to thank our customers who continue to invest in our technology, our employees for their ongoing contribution and our shareholders for your continued support.



Leigh Jasper
Chief Executive Officer



Adam Lewis
Chairman

OPERATING AND FINANCIAL REVIEW

1. About Aconex

Aconex is the #1 cloud collaboration platform for digital project delivery. The platform connects owners, contractors and their project teams in the construction, infrastructure, and energy and resources sectors, providing project-wide visibility and control between the many different organisations collaborating across their projects.

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2. Financial and operating performance

References to '2016' and '2017' and 'FY16' and 'FY17' are to the financial years ended 30 June 2016 and 30 June 2017, respectively, unless otherwise stated. The 'Group' or the 'Company' refers to the consolidated entity, consisting of Aconex and its subsidiaries.

2.1 Group summary financial results from core operations

A summary of financial results from core operations for the year ended 30 June 2017 is set out below. As a growth business, the Group views revenue, EBITDA and cash as the primary measures of financial performance.

This report refers to non-IFRS financial information. Refer to section 2.3 for a reconciliation of non-IFRS financial measures to the results reported in the audited financial statements.

Results from core operations (\$m)	2016	2017	Change
Revenue	123.4	161.2	31%
Cost of revenues	(30.9)	(41.7)	(35%)
Gross profit	92.5	119.5	29%
Direct expenses (sales and marketing)	(46.1)	(59.2)	(28%)
Contribution margin	46.4	60.3	30%
Operating expenses	(32.8)	(45.3)	(38%)
EBITDA from core operations	13.6	15.0	10%
Depreciation expense	(1.9)	(3.4)	(79%)
Amortisation expense (excl. acquired intangibles)	(3.5)	(7.1)	(103%)
EBIT from core operations	8.2	4.5	(45%)
NPAT from core operations	8.5	5.0	(41%)

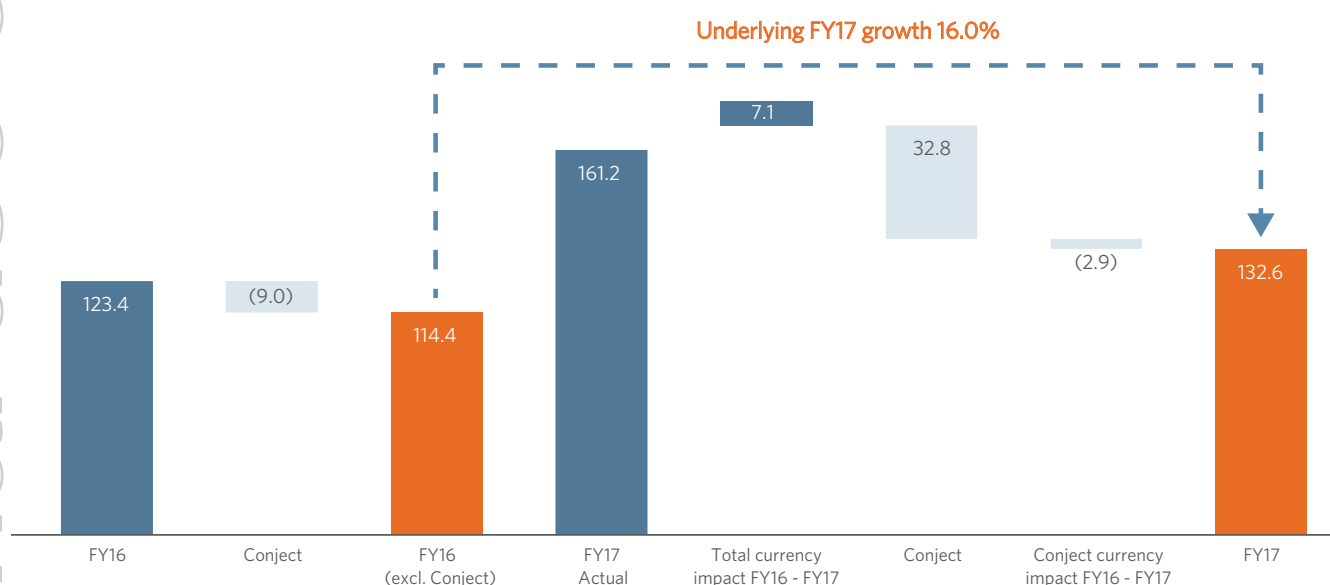
2. Financial and operating performance (continued)

Revenue increased by 31% to \$161.2m

For the year ended 30 June 2017, Group revenue rose 31% to \$161.2m from \$123.4m in 2016. The uplift was principally driven by the Conject acquisition and international revenue growth. Underlying growth in 2017 (ex. Conject) was 16% on a constant currency basis (refer to Chart 1.1 below).

In line with its growth strategy, Aconex continued to expand its user network, winning key influential customers in all geographic regions. Sales outside Australia increased 45% year-over-year and now account for 67% of total revenue.

Chart 1.1 Revenue bridge



EBITDA from core operations improved by 10%, from \$13.6m to \$15.0m

The Group recorded EBITDA from core operations of \$15.0m for the year ended 30 June 2017, a \$1.4m uplift on the prior corresponding period. The improvement in EBITDA reflects the Group's growing revenue base less specific investment for growth.

The Group's EBITDA margin reduced slightly from 11.0% in 2016 to 9.3% in 2017, due to the acquisition of the Conject business and ongoing investment in product, sales, marketing and client service.

Cost of revenues

Cost of revenues grew 35%, from \$30.9m in 2016 to \$41.7m in 2017, broadly in line with revenue growth. Gross margins in 2017 were 74% down 1% from 75% in 2016 due to the Conject acquisition and upfront implementation costs for new customers, primarily in the Americas region.

Direct expenses - sales and marketing

Sales and marketing grew in line with revenue. In 2017, expenses increased 28% to \$59.2m from \$46.1m in 2016. Sales and marketing expenditure in Asia and the Americas has increased 40% over the past two years, reflecting the Company's ongoing strategy to invest in high growth markets.

Operating expenses

Operating expenses increased 38% to \$45.3m in 2017 up \$12.5m from \$32.8m in 2016.

Expenses increased due to:

- An uplift of 24% in general and administrative expenditure from \$20.1m in 2016 to \$25.0m in 2017, attributable to additional headcount and back-office costs related to the Conject acquisition as well as investment in operating systems to support growth; and
- Engineering and product development which increased 60% from \$12.7m in 2016 to \$20.3m in 2017. The uplift was primarily due to the addition of the Worksite and Conject engineering and product teams and subsequent investment in product.

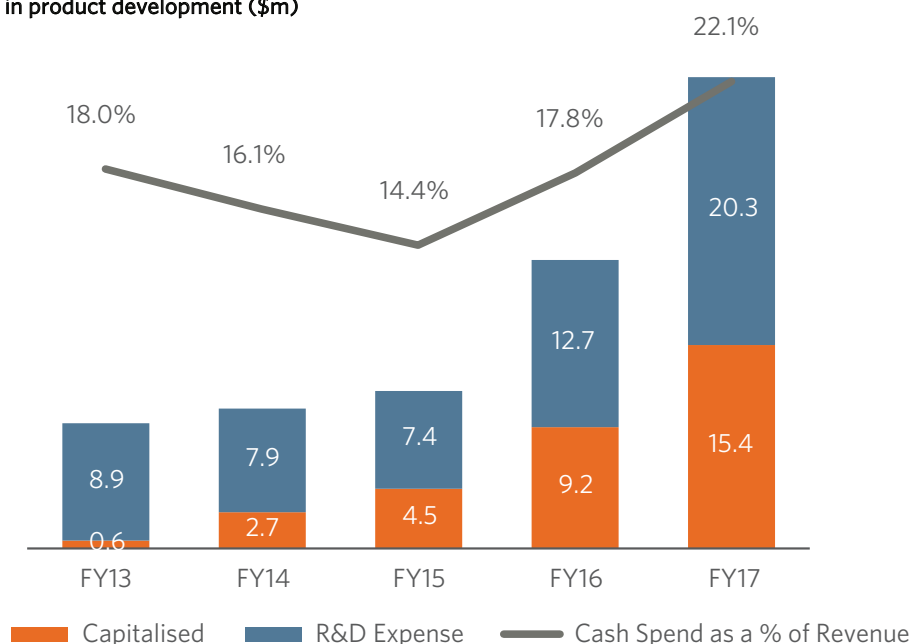
2. Financial and operating performance (continued)

To drive yield and extend its competitive advantage, the Group has reinvested profit and free cash flows into engineering and product development at an accelerated rate over the past two years. Including capitalised development costs, R&D cash spend increased 63% in 2017 to \$35.7m, which followed an 85% uplift in 2016. Refer to **Chart 1.2** for the Group's product development cash spend over the past five years.

The Group's product development highlights in 2017 included:

- Launch and roll-out of the Connected Cost product and other new modules including Packages and PDF Checklists.
- Ongoing enhancements including design management and mail routing and construction lots.
- Early stage roll-out of insights and analytics capabilities.
- Extended our ecosystem with further partnerships and integrations.
- Extended security through the Aconex Gov program and inclusion in the Fed RAMP program in the US, which will enable the Group to serve government projects with the highest compliance requirements in the world.

Chart 1.2 Investment in product development (\$m)



2. Financial and operating performance (continued)

In ANZ operating contributions were 71% in FY17 and EBITDA margin reached 39% reflecting the maturity of the region. All regions contributed positive operating contributions. Margins outside of the ANZ region reflect high levels of upfront investment to drive future growth and profitability.

Table 1.3 Regional performance

FY17 Regional Summary

Region	Revenue \$ millions	Revenue growth YoY (%)	Revenue growth YoY (%) (Constant currency) ¹	Contribution \$ millions	Contribution margin %	Indirect expense allocation \$ million	EBITDA \$ million	EBITDA margin %
ANZ	53.3	9.3%	8.9%	37.9	71%	(17.0)	20.9	39%
Americas	24.6	15.6%	19.1%	2.4	10%	(9.6)	(7.2)	-29%
Asia	15.8	18.6%	23.6%	3.7	23%	(6.0)	(2.3)	-14%
EA	42.6	143.4%	167.8%	16.3	38%	(11.6)	4.7	11%
ME	24.9	10.9%	14.9%	11.9	48%	(7.4)	4.5	18%
International	107.9	44.7%	54.0%	34.3	32%	(34.6)	(0.3)	0%
HO						(5.6)	(5.6)	
Total	161.2	30.6%	36.4%	72.2	45%	(57.2)	15.0	9.3%

¹ YoY constant currency growth based on FY16 weighted average exchange rates.

ANZ

ANZ revenues increased 9% from \$48.8m in 2016 to \$53.3m in 2017 due to new business growth and the ongoing conversion of customers to enterprise agreements which now represent more than 65% of the region's revenue. Cost of revenues reduced as a result of synergies flowing from the CIMIC Keystone acquisition.

Sales and marketing expenses increased 25% in 2017 from \$8.1m to \$10.1m. The uplift was driven by increased commissions expenses related to new sales and investment in support infrastructure to service key accounts.

Europe and Africa (EA)

The integration of Conject was completed in 2017 and has extended the Group's global leadership position. All Conject customer accounts have been retained and key employees remain involved in the combined business. Sales teams in the UK and France have transitioned from selling the Conject product to selling Aconex and sales productivity continues to improve in mainland Europe.

EA revenues increased 143% (168% on a constant currency basis) from \$17.5m in 2016 to \$42.6m in 2017. The uplift was principally driven by the contribution of Conject revenues. Revenue was impacted by adverse foreign currency movements, particularly the appreciation of the GBP and EUR against the Australian dollar. Sales in the U.K were lower than expected as the sales team rebuilt the opportunity pipeline, having transitioned from selling the Conject product solution to selling the Aconex solution. Market conditions were challenging and uncertainty following Brexit, impacted the U.K market particularly, as customers delayed decisions.

Regional gross margin contracted 4% from 79% to 75% due to a shift in the make-up of the revenue base following the acquisition of Conject. As a result the EA contribution margin was 38% in 2017, down 3% on the previous year's margin of 41%.

2. Financial and operating performance (continued)

Americas

Revenue in the Americas increased 16% (19% on a constant currency basis) from \$21.3m in 2016 to \$24.6m in 2017. Performance was strong in the US and Latin American businesses of 30% and 25% respectively, offset by lower than expected revenue in Canada as mining and oil and gas projects rolled off. Performance in the first half of the year was soft due to a lower than anticipated ramp up in user-based contracts and uncertainty related to the US presidential election that delayed customer buying decisions. Sales momentum regained pace in the latter part of the financial year.

The Company continued to invest in sales and marketing to build awareness and leverage growing adoption in the region. Investment in client operations to service new sales and provide implementation support for Connected Cost customers impacted gross margins which contracted 4% from 70% in 2016 to 66% in 2017.

Middle East (ME)

ME revenues increased 11% (15% on a constant currency basis) from \$22.4m in 2016 to \$24.9m in 2017. Performance was in line with expectations. During the year, the Company strengthened its key account management capabilities and built its Connected Cost pipeline.

Asia

Asia revenues increased 19% (24% on a constant currency basis) from \$13.3m in 2016 to \$15.8m in 2017. Sales momentum was solid and the region won several key accounts in the government, infrastructure and oil and gas sectors. During the year, the Company expanded its partner program in China and executed on targeted regional strategies to ensure it is well positioned to leverage significant future infrastructure investment in the region.

2.2 Group's cash and financial position

The Group's net asset position was \$102.6m at 30 June 2017. Key movements:

- An \$18.6m reduction in cash from \$52.5m in 2016 to \$33.9m in 2017; and
- A reduction of \$6.7m in deferred revenue from \$89.7m in 2016 to \$83.0m in 2017.

Balance Sheet summary (\$m)	2016	2017
Assets		
Cash	52.5	33.9
Trade and other receivables	30.9	28.9
Plant and equipment	6.1	9.4
Intangible assets	140.5	140.5
Net deferred tax assets	1.3	3.9
Other assets	11.1	11.1
Total assets	242.4	227.7
Liabilities		
Trade and other payables	27.9	25.1
Provisions	10.7	11.8
Deferred revenue	89.7	83.0
Contingent consideration	5.9	2.9
Net income tax payable	1.6	1.3
Loans	1.0	1.0
Total liabilities	136.8	125.1
Net assets	105.6	102.6

2. Financial and operating performance (continued)

2.2 Group's cash and financial position (continued)

Cash

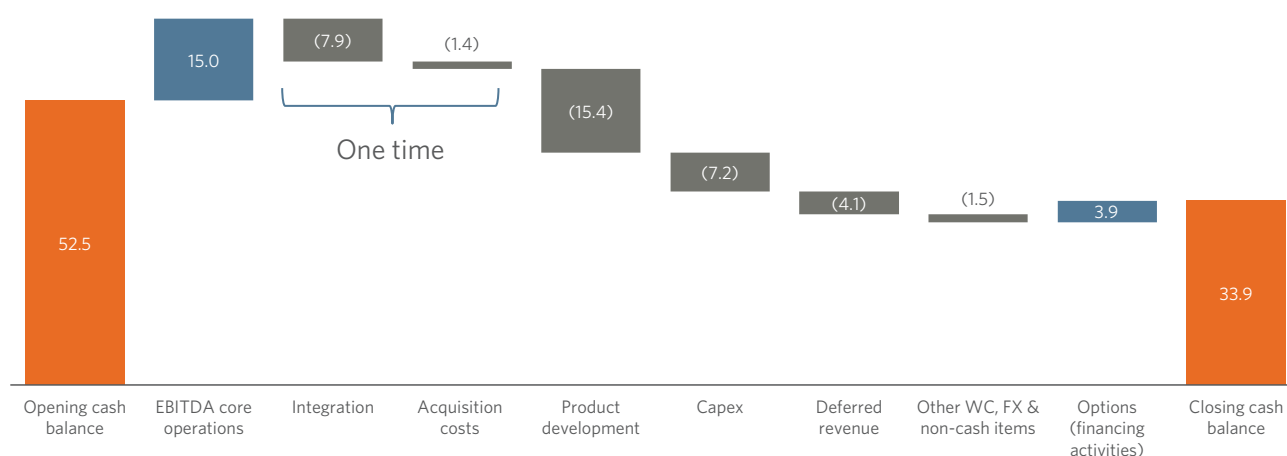
In 2017, total cash was \$33.9m reducing \$18.6m from \$52.5m in the prior corresponding period. As highlighted in Chart 1.4 a number of investment activities impacted the cash balance during the year including:

- Acquisition, restructure and integration costs related to the Conject business totalling \$7.9m;
- Net cash outflow of \$1.4m related to business acquisitions; including a Worksite acquisition contingent consideration payment of \$3.2m, net of a purchase price adjustment refund on Conject acquisition of \$1.8m;
- Increased capital expenditure, totalling \$7.2m which included \$3.2m spent on new office fit-outs to support the growth of the business; and
- Increased product development investment which rose 52% from \$10.1m in 2016 to \$15.4m in 2017.

Excluding the detailed investment activities, the Group contributed positive cash flows with operating cash flows from core operations increasing \$1.1m or 11% to \$10.5m in 2017 from \$9.4m in 2016. Operating cash flows from core operations included the impact of a reduced level of upfront invoicing which fell from 24% in 2016 to 21% in 2017 and is reflected in the reduced deferred revenue balance.

Gross cash receipts from customers were \$168.0m, up 35% on the prior corresponding period's gross cash receipts of \$124.6m, broadly in line with revenue growth despite the continuing unwind of upfront invoicing. As a percentage of revenue, gross cash receipts were 104%, reflecting the continued reduction of upfront invoicing.

Chart 1.4 Cash flow bridge

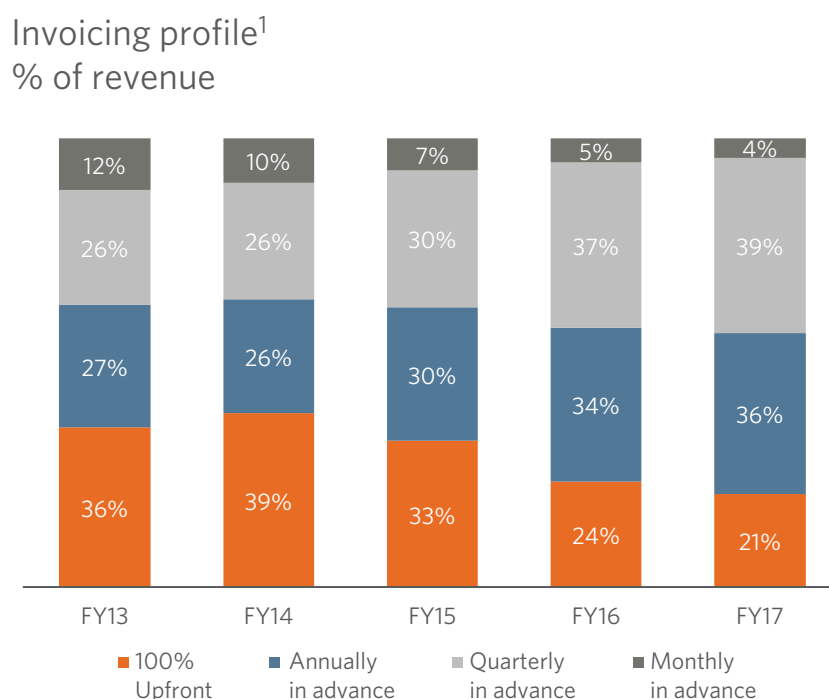


Deferred revenue

The Group's deferred revenue fell \$6.7m from \$89.7m in 2016 to \$83.0m in 2017 due to the ongoing unwind of the higher upfront portion of invoicing in prior years and foreign currency translation, offset by the increased sales growth of the Aconex business. In 2017 total upfront invoicing was 21%, down 3% on the prior corresponding period (See Chart 1.5). Upfront invoicing has steadily declined over the past three years as the Company has moved away from providing discounts to customers that pay in advance.

2. Financial and operating performance (continued)

Chart 1.5 Invoicing profile



¹ Aconex only.

Intangible assets

The Group's intangible asset balance of \$140.5m includes \$119.6m of goodwill and intangible assets acquired as a result of the business acquisitions. The remaining \$20.9m relates to capitalised software developments costs incurred to develop the Aconex and Conject platforms.

2.3 Non-IFRS financial information

Aconex results are reported under Australian Accounting Standards (AAS). Compliance with AAS also results in compliance with International Financial Reporting Standards (IFRS). This report also includes certain non-IFRS financial information, including the following:

- Constant currency revenue growth.
- EBITDA from core operations (earnings before interest, tax, depreciation and amortisation and significant items).
- EBIT from core operations (earnings before interest, tax and significant items).
- Net profit after tax from core operations (net profit after tax before significant items).
- Net operating cash flows from core operations (net operating cash flows adjusted for significant items).

These measures are used internally by Management to assess the performance of the business and make decisions on the allocation of resources, and are included in this report to provide greater understanding of the underlying financial performance of the Group's operations. When reviewing business performance, this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS. The non-IFRS information has not been subject to audit or review by Aconex's external auditor. The non-IFRS measures do not have any standard definition under IFRS and may be calculated differently by other companies. A reconciliation of these measures with the results reported in the financial statements is set out in table 1.6 below.

2. Financial and operating performance (continued)

Significant items

Aconex reported a statutory net loss after tax of \$10.0m for 2017 compared with a net profit after tax of \$5.7m in 2016. The \$15.7m reduction, year-over-year was largely due to significant non-operating items totalling \$15.0m in 2017 (2016: \$2.8m).

These significant items include:

- One-off integration costs of \$8.1m related to the acquisition of Conject (2016: \$4.1m). The Group acquired three businesses in 2016; Conject, CIMIC Keystone and Worksite and has incurred significant acquisition and integration costs as a result.
- Amortisation expenses of \$7.6m (2016: \$2.1m) on acquired intangible assets as part of the above-mentioned business combinations. This is a non-cash expense related to the amortisation of acquired customer relationships, brands and software.
- Foreign currency gains of \$0.7m from intra-group loans.
- Income tax benefit of \$3.4m recognised in 2016 relating to recognition of tax losses.

Table 1.6 Reconciliation of results from core operations to statutory results

Reconciliation to core operations (\$m)	2016	2017
Significant items		
Business acquisition and integration expenses	4.1	8.1
Foreign currency (gains) / losses	-	(0.7)
Amortisation of acquired intangibles	2.1	7.6
Total significant items (pre-tax)	6.2	15.0
Income tax benefit	(3.4)	-
Total significant items (post-tax)	2.8	15.0
Reported EBIT	2.0	(10.5)
Add: Significant items pre-tax	6.2	15.0
EBIT from core operations	8.2	4.5
Add: Depreciation and amortisation expense (excl. acquired intangibles)	5.4	10.5
EBITDA from core operations	13.6	15.0
Reported net profit (loss) after tax	5.7	(10.0)
Add: Significant items post-tax	2.8	15.0
Net profit after tax from core operations	8.5	5.0
Reported net operating cash flows	6.7	2.6
Add: Business acquisition and integration costs paid	2.1	7.9
Add: Payment of assumed Conject liabilities on acquisition	0.6	-
Net operating cash flows from core operations	9.4	10.5

3. Business strategies and future developments

In the coming year, strategic priorities are:

- Accelerate and extend global leadership position.
- Grow the Aconex ecosystem; extend existing customer relationships and communities and attract new users. Build awareness and leverage increasing adoption of collaboration solutions through investment in sales and marketing, particularly in the high-growth markets of Asia and the Americas.
- Continue to evolve the Aconex platform through innovative research and development.
- Build on strong sales momentum of Connected Cost and other new product modules.
- Extend leading global client service capabilities.
- Leverage product and operational synergies resulting from the acquisition and integration of Conject.
- Grow leadership and talent.
- Invest in operating systems that support growth and
- Assess strategic acquisition targets and partnerships that may accelerate growth.
- Grow the ecosystem with more partnerships and integrations, to be the ecosystem for the industry.

4. Material business risks

The material business risks which could adversely affect the Group's operations, business strategies and financial prospects are summarised below:

Potential for increased competition

The collaboration segment that services the construction industry is competitive. Factors including price, service, quality, performance standards, information security, innovation and the ability to provide customers with a range of reliable and tailored services in a timely manner are all required and expected. A failure by Aconex to effectively compete may affect Aconex's future financial performance and position. Aconex constantly monitors and assesses the competitive environment and any potential risks to operations. Aconex recognises it must continue to earn the support of customers and users and focus on continuing to deliver a market leading technology platform that addresses the complex project collaboration challenges faced by customers.

Potential for loss or theft of data and failure of data security systems

Aconex provides its construction and collaboration software solutions via the internet and may be adversely affected by the theft, destruction, loss, misappropriation or release of confidential customer data or intellectual property. 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 disruption to systems and impact the Company's reputation and brand. The Group'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. Aconex has appropriate data management, security and compliance policies, procedures and practices in place to mitigate such risks.

Potential for international business expansion to not achieve intended outcomes

A significant part of the Group's growth strategy is to significantly grow its presence in markets outside of the ANZ region. The Group's growth plans may be inhibited by unforeseen issues particular to a territory, including differences in local cultures, business practices and regulation. The Group's ability to grow and expand its international businesses may be subject to various risks, including the need to invest significant resources with the possibility that the desired level of return on its international business will not be achieved, impacting future financial performance and position. Aconex regularly assesses the performance and the level of investment in each region.

4. Material business risks (continued)

Potential for reduced take-up of construction collaboration software solutions

Aconex sells its construction collaboration software as an alternative to existing in-house information management systems that have been developed by construction industry participants over a period of time. The Group's business model relies on increasing acceptance and proliferation of SaaS for information management in the construction industry. It may be difficult for Aconex to persuade its prospective clients to switch from their existing solutions and accept a SaaS alternative. If the Group's collaboration solutions are 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 the Aconex product could be adversely impacted and the Group's ability to grow its business may be affected. Aconex regularly communicates with existing and prospective customers to understand their issues and to develop products, features and enhancements that provide the right solutions.

Potential for loss of benefits and synergies from strategic acquisitions

Aconex may not be able to fully achieve its strategic objectives following business acquisitions. Inherent uncertainties exist in the integration of operations of acquired entities. In addition, the markets and industries in which Aconex and its acquisition targets operate, are highly competitive. Aconex may lose existing customers or key personnel, following an acquisition. These factors could contribute to Aconex not achieving the expected benefits from its acquisitions within desired time frames or at all.

Potential for adverse changes in foreign exchange risks

The Group's financial reports are prepared in Australian dollars. However, a substantial proportion of sales revenue, expenditures and cash flows are generated in other currencies, including the Euro, British pound and US dollar. Any adverse exchange rate fluctuations or volatility in the currencies in which Aconex generates its revenues and cash flows, and incurs its costs, would impact the Group's future financial performance and position. Aconex constantly monitors and assesses its cash management and foreign exchange strategies to limit the impact of foreign currency losses where possible.

Economic conditions and financial market conditions may deteriorate

As a business with significant international operations, Aconex is subject to global economic conditions and has is exposed to construction industry cycles. Any deterioration in economic conditions may impact Aconex's trading and financial performance. The Group's continued expansion into different regions and into different market segments such as government and infrastructure, energy and resources provides diversification and some protection against a decline in a particular geographic market or customer sector.

GOVERNANCE

DIRECTORS

The names and details of the directors of the Company in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name and title	Biography
Adam Lewis Independent Non-executive Chairman	Adam was appointed in October 2011 and Chairman from June 2014 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 Senior Partner-election committees. Since leaving McKinsey in 2010, Adam has established an advisory firm, Cast Professional Services. He is also Chairman of MessageMedia, Southern Innovation and Palette, a Director of FIIG Securities and acts as an advisor to a number of other start-up companies. Adam holds a M.B.A. degree in Finance (Honors) from the University of Illinois at Urbana-Champaign and a Bachelor of Engineering and Electronics degree (Honours) from Curtin University of Technology.
Leigh Jasper Executive Director and Chief Executive Officer	Leigh Jasper is the CEO of Aconex, the world's most widely used cloud collaboration platform for construction, engineering and infrastructure projects. Leigh has overseen the continued growth of Aconex since founding the Company with Rob Phillpot in 2000. Aconex became a public company in 2014. Prior to Aconex, Leigh worked at McKinsey & Company, where he consulted for clients in the financial services, media and information technology sectors. He is a director of the Burnet Institute, a not-for-profit organization which aims to improve health in poor and vulnerable communities in Australia and internationally through research, education and public health. Leigh 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 and Senior Vice President, Product and Engineering	Rob Phillpot is responsible for product vision, strategy and management, as well as engineering, and is an Aconex director. Together with company co-founder Leigh Jasper, he raised A\$86 million in private equity investment before listing Aconex on the Australian Securities Exchange (ASX) in December 2014. Rob is a Director of Scotch College, Melbourne. Prior to establishing Aconex, Rob managed document control, quality and trades on a site team at Brookfield Multiplex, a leading global contracting and development firm specializing in large-scale buildings, commercial structures and infrastructure projects. It was Rob's construction industry expertise - combined with Leigh's consulting experience in e-commerce strategy at McKinsey - which created the Aconex cloud collaboration platform. Prior to Brookfield Multiplex, Rob was an auditor at Deloitte & Touche in Australia. He holds Bachelor of Commerce and Bachelor of Planning and Design degrees with Honors and a Master of Building degree from the University of Melbourne.
Simon Yencken Independent Non-executive Director	Simon was appointed in July 2008 and Chairman from June 2011 to June 2014. Simon Yencken joined the board of directors in 2008 and served as chairman from 2011 to 2014. He is currently CEO and co-founder of Fanplayr, which enables online merchants to increase conversions by using Big Data and business intelligence. In addition to Fanplayr, Simon 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 CEO 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, Simon was a partner in Herbert Smith 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.

DIRECTORS (continued)

Name and title	Biography
Keith Toh Non-executive Director	Keith was appointed in June 2009. 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. He serves on the board of AEM Holdings Ltd (SGX: AWW), a Singapore Exchange-listed public company providing semiconductor equipment and services. Keith was formerly principal investor at Francisco Partners, where he focused on enterprise software and technology investments. Prior to Francisco Partners, he was an enterprise software product lead and senior consultant at Trilogy. Keith has held research roles at Stanford University in the field of semiconductor lasers, and at the Ministry of Defence of Singapore in the fields of artificial intelligence and operations research. He holds a B.S. degree in Electrical Engineering from Stanford University, where he graduated with the combined faculty Deans' Award for Academic Achievement.
Paul Unruh Independent Non-executive Director	Paul was appointed in June 2011. Paul Unruh is a senior adviser at TeleSoft Partners and serves on the board and chairs the Audit Committee of Symantec Corporation. He previously served on the boards of URS Corporation, Move, Inc., and Heidrick & Struggles International. Paul'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. He also served as chief financial officer, controller and treasurer at Bechtel, as well as president of Bechtel Enterprises, the project finance, development and investment arm of the company, with more than \$40 billion in projects developed and financed. He was a 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. He is a certified public accountant and holds M.S. and B.S.B.A. degrees in Accounting from the University of North Dakota.
Rosemary Hartnett Independent Non-executive Director	Rosemary was appointed in September 2015. Rosemary Hartnett joined the Aconex board of directors in 2015. She is an independent director on the boards of ISPT, one of Australia's leading property fund managers and ISPT/IFM International Property. Previously, Rosemary was chief executive officer of Housing Choices Australia, one of Australia's largest NGOs providing housing for people priced out of traditional housing markets. Prior to Housing Choices, Rosemary held senior executive positions in property and construction finance and in funds management at National Australia Bank and ANZ Banking Group. Rosemary is a member of the Australian Institute of Company Directors and Women in Super. She holds a Bachelor of Business in Property degree from the Royal Melbourne Institute of Technology and is a qualified property valuer.

Company Secretaries

Name and title	Biography
Anna Gorton General Counsel and Company Secretary	Anna was appointed in June 2016. Anna has responsibility for the legal and compliance functions. Anna has been practicing as a lawyer for over 16 years and holds a Bachelor of Laws and Bachelor of Arts degrees from University of Melbourne together with GAICD and GIA certifications. Anna is a member of the Association of Corporate Counsel Australia, the Australian Institute of Company Directors (AICD), the Governance Institute of Australia (GIA) and the Law Institute of Victoria.
Andrew Metcalfe Company Secretary	Andrew was appointed in December 2014. Andrew Metcalfe is an external provider of company secretarial and governance services. His professional career spans 29 years and he has provided services to ASX-listed and unlisted public companies, government and not-for-profit organisations.

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2017.

Directors

The name of directors in the office during the year and up to the date of this report, unless stated otherwise, are as follows:

- Adam Lewis – Chairman
- Leigh Jasper – Executive director
- Rob Phillpot – Executive director
- Paul Unruh
- Simon Yencken
- Keith Toh
- Rosemary Hartnett

Principal activities

The Group's principal activities during the year were the provision of cloud collaboration software services for the global construction industry.

The Company's flexible and fully integrated Software-as-a-Service (SaaS) platform provides customers with a centralised approach to managing documents and data, communicating with project participants and streamlining business processes. Aconex enables clients to improve project efficiency, productivity and accountability, while lowering cost and risk in delivering projects of all sizes. Building Information Modelling (BIM) and mobile collaboration solutions available with the existing Aconex platform have extended the Company's offering, providing project teams with complementary tools to manage increasingly complex projects.

Aconex Limited currently has more than 70,000 user organisations working on projects valued at more than \$1 trillion. The Company has 47 offices in 23 countries around the world, with headquarters in Melbourne, Australia.

The Company's ordinary shares are traded on the Australian Securities Exchange (ASX) under the ticker code (ACX) and are included in the S&P / ASX 200 Index.

Significant changes in the state of affairs

In the Directors' opinion, there have been no significant changes in the state of affairs of the Group during the year.

Significant events after reporting period

In the Directors' opinion, there have been no other significant events since the end of financial year 2017.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

DIRECTOR'S REPORT (continued)

Meetings of directors

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' meetings		Audit, Business Risk and Compliance Committee		Remuneration and Nomination Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Adam Lewis	14	14	-	-	4	4
Leigh Jasper	14	14	5	5	4	4
Rob Phillpot	14	13	-	-	-	-
Simon Yencken	14	14	4	3	4	4
Paul Unruh	14	14	5	5	-	-
Rosemary Hartnett	14	14	1	1	4	4
Keith Toh	14	14	5	4	-	-

Committee membership

As at the date of this report, the Company had the following committees:

- Audit, Business Risk and Compliance Committee.
- Remuneration and Nomination Committee.

Members acting on the committees of the board during the year were:

Audit, Business Risk and Compliance Committee	Remuneration and Nomination Committee
Paul Unruh (Chairman)	Adam Lewis (Chairman)
Simon Yencken ¹	Simon Yencken
Keith Toh	Rosemary Hartnett
Rosemary Hartnett ¹	

¹Simon Yencken resigned and Rosemary Hartnett was appointed to the Audit, Business Risk and Compliance Committee on 20 February 2017.

DIRECTOR'S REPORT (continued)

Directors' interests in shares and options

As at the date of this report, the interests of the directors in the shares and options of Aconex Limited were:

	Ordinary shares	Options over ordinary shares
Leigh Jasper	11,672,450	870,213
Rob Phillpot	11,173,786	592,985
Adam Lewis	2,860,890	598,875
Paul Unruh	145,833	154,167
Simon Yencken	1,011,197	120,000
Keith Toh	16,000	-
Rosemary Hartnett	2,000	-

Share options

Unissued shares

As at the date of this report, there were 9,253,618 unissued ordinary shares under options.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered schemes.

Shares issued as a result of the exercise of options

During the financial year, employees and executives have exercised 3,526,193 options. As a result of the exercise of these options, 3,526,193 new fully ordinary shares in Aconex Limited were issued.

35,582 options have been exercised since the end of the financial year.

Indemnification and insurance of officers and directors

Under the Company's constitution, to the extent permitted by law and subject to the restrictions in section 199A and 199B of the Corporations Act 2001, the Company indemnifies every person who is or has been an officer of the Company against any liability incurred by that person as an officer of the Company. The Company has insured its directors, company secretaries and executive officers for the financial year ended 30 June 2017.

Under the Company's directors' and officers' liability insurance policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirements to disclose the nature of the liability insured against and the premium amount of the policy.

Indemnification of auditors

The Company has agreed to indemnify its auditors, Ernst and Young, as part of the terms of its audit engagement agreement against certain liabilities to third parties arising from the audit (for an unspecified amount) to the extent permitted by law. The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst and Young. No payment has been made to indemnify Ernst & Young during or since the audit.

DIRECTOR'S REPORT (continued)

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that the auditor independence was not compromised.

Ernst & Young Australia received or are due to receive the following amounts for the provision of non-audit services:

	\$000
Taxation services	249
Acquisition due diligence services	98
Other assurance services	103

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the class order applies.

Corporate governance report

As allowed under the *ASX Corporate Governance Principles and Recommendations (Third Edition)* the Company has included its report on compliance with the principles in the year 30 June 2017 in the Corporate Governance section of the Investor Centre on the Aconex website. The full report can be found investor.aconex.com/company-information/?page=corporate-governance

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to the independent auditor's report.

REMUNERATION REPORT

Contents

1. Remuneration report overview
2. Overview of executive remuneration
3. Performance and executive remuneration outcomes in FY17
4. Executive employment arrangements
5. How remuneration is governed
6. Overview of non-executive director remuneration
7. Statutory and share award reporting

1. Remuneration report overview

The Directors of Aconex Limited present the Remuneration Report (**the Report**) for the Company and its controlled entities for the year ended 30 June 2017 (**FY17**). The Report forms part of the Director's Report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

The Report is presented in Australian dollars unless otherwise stated. Remuneration for US based KMP is disclosed utilising an average exchange rate for the respective financial year.

The Report details the remuneration arrangements for Aconex's key management personnel (**KMP**):

- Non-executive directors (**NEDs**)
- Executive directors and senior executives (collectively, **the executives**)

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

The table below outlines the KMP of the Group and their movements during FY17:

Executive Directors

Leigh Jasper	Chief Executive Officer
Rob Phillpot	Senior Vice President, Product and Engineering

Non-executive Directors

Adam Lewis	Chairman
Simon Yencken	Non-executive Director
Keith Toh	Non-executive Director
Paul Unruh	Non-executive Director
Rosemary Hartnett	Non-executive Director

Senior Executives

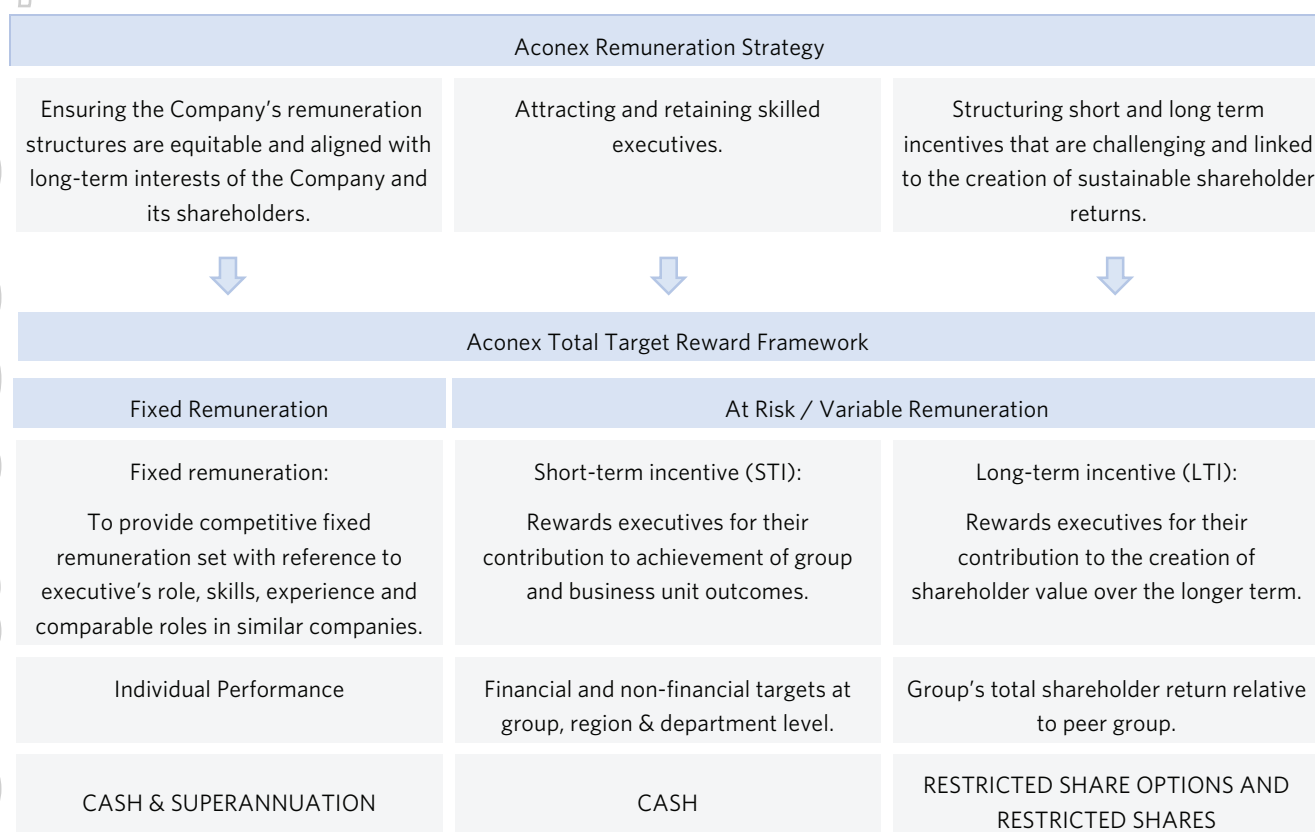
Paul Koppelman	Chief Financial Officer (Appointed 30 January 2017)
Paul Perrett	Chief Operating Officer
Stephen Recht	Chief Financial Officer (Resigned 25 February 2017)

There were no other changes to KMP after reporting date and before the date the financial report was authorised for issue.

REMUNERATION REPORT (continued)

2. Overview of executive remuneration

Remuneration principles and strategy



Proposed changes to KMP remuneration for the year ending 30 June 2018

Short Term Incentive Plan (STI)

Following review and recommendation by the Remuneration and Nominations Committee, the Board adopted changes to the STI Plan to apply from financial year 2018. The changes provide for the inclusion of customer and people performance measures, utilising net promoter scores and employee engagement targets. Roles with a regional focus also have an increased weighting to regional targets.

Focus	Performance measure	FY17 STI Plan	FY18 STI Plan
Group	Sales bookings	✓	✓
	Revenue	✓	✓
	EBITDA	✓	✓
Region	Sales bookings	✓	✓
	Revenue	✓	✓
	Contribution	✓	✓
Department	Costs	✓	
Customer	Net promoter score		✓
People	Employee engagement		✓
Individual	Key performance indicators	✓	✓

Long Term Incentive Plan (LTI)

The LTI Plan has also been reviewed with changes to be adopted in financial year 2018. These changes which will be detailed in the 2018 Annual Report, provide a more focussed comparator group for the relative TSR hurdle (ASX 100 to 300, excluding Financial Services and Resources companies), and introduce a revenue hurdle. The equity instrument to deliver the LTI Plan will be predominantly performance rights in line with market practice, although dependent upon participant location, options may also be used.

REMUNERATION REPORT (continued)

2. Overview of executive remuneration (continued)

Elements of remuneration

Fixed remuneration

Fixed remuneration consists of base salary, superannuation and other non-monetary benefits. Executives may also elect to have other benefits provided out of their fixed remuneration, including additional superannuation, medical and life insurance benefits. Fixed remuneration is referenced to a comparator group of listed companies of similar market capitalisation and business operations within the Information Technology, Consumer Discretionary and Financials GICS sector. Fixed remuneration is reviewed on an annual basis, taking into account market movement and individual performance. The Board determines the remuneration of the CEO, while the CEO recommends changes for Senior Executives, which are considered by the Remuneration & Nominations Committee for review, and then recommended to the Board.

STI

Who participates?	Executives and other key employees						
How are executives paid?	Executives and other key employees will be entitled to receive their STI in cash.						
How much can executives earn?	Each executive has a contractual maximum STI, which as a percentage of fixed remuneration, ranges between 35% to 55% of fixed remuneration. For selected financial KPIs, an executive is able to earn greater than the contractual STI. The contractual maximum STI targets are set to be challenging to achieve. Executive STI payments are subject to minimum and target performance thresholds.						
	Financial measures	Minimum threshold		Target threshold		Maximum threshold	
		Threshold	Amount awarded	Threshold	Amount awarded	Threshold	Amount awarded
	Sales bookings	90%	60%	100%	100%	110%	125%
	Revenue	97%	60%	100%	100%	105%	125%
	EBITDA from core operations	90%	60%	100%	100%	100%	100%
	Pro-rata payment is made between the above points. Other financial and non-financial measures have similar thresholds or are either paid or not paid based on meeting the key performance indicators (KPIs).						
How is performance measured for executives?	Performance measures are outlined at the start of the financial year and are based on a combination of KPIs which include group financial metrics such as sales bookings, revenue and EBITDA from core operations. Each executive's non-financial targets are specific to their specific role and function and can include financial metrics such as department cost or revenues and contributions for specific regions or non-financial metrics.						
	Performance measure	CEO and CFO allocation			Other executives		
	Sales bookings	26.7%			15-16.7%		
	Revenue	26.7%			15-16.7%		
	EBITDA from core operations	26.7%			15-16.7%		
	Individual performance (based on individual and business KPIs)	20%			50-55%		
When are the performance conditions tested, and paid for executive?	On an annual basis, after consideration of performance against KPIs, the CEO recommends the amount of STI to be paid to the executives for board approval. In respect of the CEO's STI, the Remuneration and Nomination Committee will assess performance against KPIs and recommend to the Board the amount of STI to be paid to the CEO. Payments of the STI are made once annual financial statements are released and the Board has approved the STI.						

REMUNERATION REPORT (continued)

2. Overview of executive remuneration (continued)

LTI

Who participates?	Executives and other key employees										
How are executives paid?	The LTI plan consists of restricted shares and restricted share options, known collectively as LTI Awards. The LTI plan replaced the Employee Share Option Plan (ESOP) for executives and key employees. Restricted shares represent an Aconex ordinary share that is subject to the service and performance conditions outlined below. Restricted share options represent the right to acquire an ordinary share in Aconex at a pre-determined exercise price. Share options are subject to the service and performance conditions outlined below. The exercise price on the share options is the closing price on the date of Board approval for the granting of the LTI Awards. Where the issuance of restricted shares has adverse tax or legal implications due to the participant's location, the executive and employees will receive restricted share options.										
How much can executives earn?	On an annual basis, after consideration of the total number of share options outstanding and ASX listing rules, the CEO recommends the amount of LTI Awards to be issued to executives and other key employees. The Remuneration and Nominations Committee review and recommend the awards under consideration to the Board. The executives have LTI Awards of between 25% and 60% of their fixed remuneration. The number of options granted is determined using the fair value at the date of Board approval using a Monte-Carlo model.										
How is performance measured?	Vesting of the LTI Awards are subject to: - the employee being continuously employed by Aconex for the 3 year period from the vesting period commencement date; and - Aconex's relative Total Shareholder Return (TSR) performance is both positive and equal to or greater than the median performance of the S&P/ASX300 Index in accordance with the following table: <table border="1"> <thead> <tr> <th>Relative TSR ranking against S&P/ASX300 Index</th><th>% of restricted shares and restricted share options that will vest</th></tr> </thead> <tbody> <tr> <td>Below 50th percentile</td><td>Nil</td></tr> <tr> <td>At 50th percentile</td><td>65%</td></tr> <tr> <td>> 50th percentile / < 75th percentile</td><td>Straight-line between 65% and 100%</td></tr> <tr> <td>At or above 75th percentile</td><td>100%</td></tr> </tbody> </table>	Relative TSR ranking against S&P/ASX300 Index	% of restricted shares and restricted share options that will vest	Below 50 th percentile	Nil	At 50 th percentile	65%	> 50 th percentile / < 75 th percentile	Straight-line between 65% and 100%	At or above 75 th percentile	100%
Relative TSR ranking against S&P/ASX300 Index	% of restricted shares and restricted share options that will vest										
Below 50 th percentile	Nil										
At 50 th percentile	65%										
> 50 th percentile / < 75 th percentile	Straight-line between 65% and 100%										
At or above 75 th percentile	100%										
What happens if an executive ceases employment?	Where an executive ceases employment with the Group, any unvested share awards will lapse, unless the Board approves accelerated vesting of share options in accordance with the LTI Plan.										

REMUNERATION REPORT (continued)

3. Performance and executive remuneration outcomes in FY17

Performance against STI measures

The Group's key financial measures of performance are summarised in the table below.

Key group financial metrics	2013	2014	2015	2016	2017
Revenue (\$m)	52.2	66.2	82.4	123.4	161.2
EBITDA from core operations (\$m) ¹	(8.9)	(2.3)	3.0	13.6	15.0

¹ Refer to reconciliation of results from core operations in the operating and financial review section.

The Group did not meet revenue or EBITDA from core operations financial metrics for FY17. The Group met the minimum threshold for sales bookings and majority of individual and business KPIs. The STI payments to the executive team as set out in section 7 of this Report.

Name	Proportion of maximum STI earned in FY17 ⁱ	Proportion of maximum STI earned in FY16 ⁱ
L Jasper	37%	101.5%
R Phillpot	55%	98.0%
S Recht	NA	101.5%
P Perrett	57%	100.3%
P Koppelman	48%	N/A

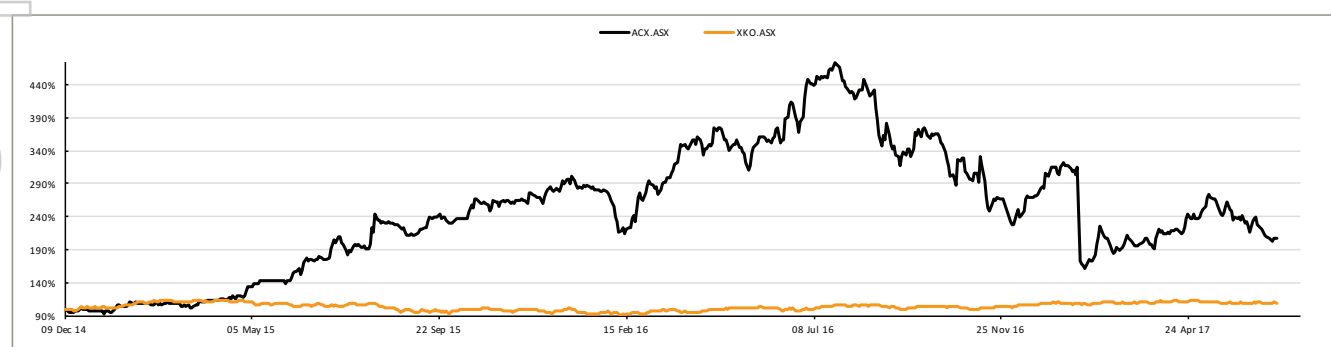
i. Each executive has a contractual STI. For selected financial KPIs, an executive is able to earn greater than the contractual STI and therefore in excess of 100%.

Performance against LTI measures

The Group's key financial measure of performance over the longer term is share price appreciation. The Company's share price has appreciated since the ASX listing price of \$1.90 to the share price as at 30 June 2017 of \$3.73. Aconex has outperformed the median of the peer group of the ASX300 since ASX listing on 9 December 2014. Share price appreciation drives LTI value for executives through the increase in the value of the restricted shares and restricted share options issued.

LTI Awards were granted in FY16 and FY17 with a vesting commencement date of 1 October 2015 and 1 October 2016 respectively. The LTI Awards are tested against relative TSR over three years from vesting commencement date. The Company's share price has depreciated since the vesting commencement dates of the LTI Awards of \$4.15 (30 September 2015) and \$6.64 (30 September 2016).

Relative TSR performance since ASX listing on 9 December 2014



REMUNERATION REPORT (continued)

4. Executive employment arrangements

Remuneration arrangements for executives are formalised in employment agreements. The table below sets out the main terms and conditions of the employment contracts of the CEO and senior executives. All contracts are for unlimited duration.

Name	Notice period and termination payment
L Jasper	➤ 12 months' notice either party (or payment in lieu of notice). ➤ Any unvested share awards that would vest within 12 months following termination, will vest automatically where terminated without cause or terminated for good reason.
P Koppelman	➤ 4 months' notice from employee or 6 months' notice from Company. ➤ Payment in lieu of notice or a combination of notice and payment in lieu of notice where terminated by Company ➤ Accelerated vesting of share awards subject to Board approval where terminated without cause or terminated for good reason.
R Phillpot	➤ 12 months' notice either party (or payment in lieu of notice). ➤ Any unvested share awards that would vest within 6 months following termination, will vest automatically where terminated without cause or terminated for good reason.
S Recht	➤ No months' notice from either party, although Company's request for 3 months' notice upon resignation. ➤ 6 months' pay where involuntarily terminated by Company without cause or voluntarily terminated by employee for good reason.
P Perrett	➤ 6 months' notice either party (or payment in lieu of notice). ➤ Any unvested share awards that would vest within 12 months following termination, will vest automatically where terminated without cause or terminated for good reason.

Termination for good reason means either a reduction in base salary, material diminution of authority or responsibilities, or relocation of more than 50 kilometres from Aconex's offices. For all executives, immediate termination for misconduct or breach of contract and only statutory entitlements where terminated for misconduct.

Termination benefits for Stephen Recht

Stephen Recht resigned on 25 February 2017. There were no termination payments paid to Stephen Recht other than payout of employee annual leave owing on 25 February 2017. There was no accelerated or pro-rata vesting of share awards on termination.

Employment benefits for Paul Koppelman

Paul Koppelman's total remuneration package consists of \$625,000 fixed remuneration package, \$250,000 STI and \$200,000 LTI. In addition, Paul Koppelman received a sign-on bonus of \$400,000 payable as follows:

- 40,733 shares totalling \$200,000;
- 135,003 share options totalling \$200,000.

The shares and share options vest annually over four years commencing from 22 December 2017.

REMUNERATION REPORT (continued)

5. How remuneration is governed

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of non-executive directors only, and must comprise a majority of independent directors with an independent director as chair. Non-committee members, including members of management, may attend all or part of the Remuneration and Nomination Committee meetings by invitation of the chair. The Remuneration and Nomination Committee is responsible for reviewing and recommending to the Board remuneration arrangements for the executive directors (including the CEO), and the executives reporting to the CEO, including awards made under the STI and LTI plans. The Remuneration and Nomination Committee also reviews and recommends to the Board the remuneration arrangements for the Chairman and the non-executive directors of the Board, including fees, travel and other benefits. Further information on the Remuneration and Nomination Committee's role, responsibilities and membership can be seen in the Remuneration and Nomination Committee's charter available on the company's website at aconex.com

As detailed in the Remuneration and Nomination Committee Charter, the committee is responsible for the appointment of remuneration consultants for the purposes of the Corporations Act 2001 (Cth). During the 2017 financial year, the Remuneration and Nomination Committee engaged Mercer to provide benchmark data as part of a review of the remuneration arrangements of the Executive Directors (including the CEO) and the executives reporting to the CEO. Mercer provided benchmark data only, and did not make any remuneration recommendations.

6. Overview of non-executive director remuneration

Overview of policy

The Board seeks to set the fees for the non-executive directors at a level that provides the Company with the ability to attract and retain directors of the highest calibre, while incurring a cost that is acceptable to shareholders.

The current aggregate fee pool for non-executive Directors of \$1,000,000 was approved by shareholders at the AGM on 17 October 2014. The aggregate fee pool includes superannuation and any other statutory entitlements. The Group's constitution and the ASX listing rules specify the non-executive director maximum aggregate fee pool shall be determined from time to time by a general meeting of shareholders.

Non-executive director fees consist of base fees and committee fees. The payment of committee fees recognises the additional time commitment required by non-executive directors who serve on board committees.

The table below summarises the annualised Board and Committee fees payable to NEDs for FY17 (inclusive of superannuation and share award entitlements):

		Pre 1 October 2016 (\$A)	Post 1 October 2016 (\$A)
Board fees			
Chair		140,000	190,000
NED		90,000	100,000
Committee fees			
Audit, Business Risk and Compliance Committee	Chair	20,000	20,000
	Member	N/A	N/A
Remuneration and Nomination and other working group or committee	Chair	N/A	10,000
	Member	N/A	N/A

Non-executive directors may be reimbursed for expenses reasonably incurred in attending to the Group's affairs. Non-executive directors receive their fees in cash. Previously non-executive directors could elect to receive their fixed fee compensation to be paid in cash or share awards or a combination of both.

REMUNERATION REPORT (continued)

7. Statutory and share award reporting

Executive KMP remuneration for the years ended 30 June 2017 and 30 June 2016

Executive Director	Financial year	Salary \$	Cash bonus ⁱⁱ \$	Other ⁱ \$	Post-employment benefits \$	Long service leave \$	Shares ⁱⁱⁱ \$	Share options ⁱⁱⁱ \$	Total \$	Performance related %
L Jasper	2017	469,078	78,884	248	25,674	20,156	50,918	84,352	729,310	29%
	2016	409,771	209,348	532	30,015	7,123	22,348	48,109	727,246	38%
P Koppelman ^v	2017	256,900	49,541	-	8,616	626	27,886	29,167	372,736	29%
	2016	-	-	-	-	-	-	-	-	-
R Phillpot	2017	288,444	53,181	1,823	19,615	9,946	34,625	57,404	465,038	31%
	2016	284,954	103,690	8,175	19,860	4,725	15,197	32,846	469,447	32%
P Perrett	2017	297,123	93,586	2,655	19,616	9,094	30,603	45,516	498,193	34%
	2016	272,311	154,548	-	23,884	4,642	-	22,966	478,351	37%
S Recht ^{iv}	2017	227,891	-	72,776	34,184	-	-	(22,679)	312,172	-
	2016	325,816	163,530	56,885	48,455	-	-	28,241	622,927	31%
Total	2017	1,539,436	275,192	77,502	107,705	39,822	144,032	193,760	2,377,449	26%
	2016	1,292,852	631,116	65,592	122,214	16,490	37,545	132,162	2,297,971	35%

i. Other includes rental lease costs and/or non-monetary benefits such as medical and life insurance plans.

ii. Cash bonus represents accrued payments for current year net of under/over accrual from prior year.

iii. Share options and shares represents share based payment expense amortised over vesting period.

iv. For US based executive, Stephen Recht, fees are denominated in US dollars. Amounts reported above are translated at average exchange rate for the respective financial year. Stephen Recht resigned 25 February 2017.

v. Paul Koppelman was appointed 30 January 2017. Remuneration has been disclosed for part year only.

NED remuneration for the years ended 30 June 2017 and 30 June 2016

Non-Executive Director	Financial year	Fees and allowances \$	Post-employment benefits \$	Share options ⁱⁱⁱ \$	Total \$
Adam Lewis	2017	134,665	-	16,166	150,831
	2016	132,031	-	48,644	180,675
Simon Yencken ⁱ	2017	69,939	-	5,821	75,760
	2016	55,331	-	20,833	76,164
Paul Unruh ⁱ	2017	99,684	-	6,218	105,902
	2016	86,072	-	18,709	104,781
Keith Toh ^{i,ii}	2017	109,187	-	-	109,187
	2016	129,157	-	-	129,157
Rosemary Hartnett	2017	89,038	8,459	-	97,497
	2016	65,577	6,230	-	71,807
Total	2017	502,513	8,459	28,205	539,177
	2016	468,168	6,230	88,186	562,584

i. For US based directors, fees are denominated in US dollars and are determined using exchange rate at start of financial year. Amounts reported above are translated at average exchange rate for the respective financial year.

ii. Keith Toh received \$10,000 p.a. for leading the M&A working group in FY16 and FY17.

iii. Share options and shares represents share based payment expense amortised over vesting period.

REMUNERATION REPORT (continued)

7. Statutory and share award reporting (continued)

Options awarded, vested and lapsed during the year ended 30 June 2017

Share options do not carry any voting or dividend rights, and can only be exercised once the vesting conditions have been met.

	Financial year	Grant date^	Options awarded during the year	Value of options granted during the year	Fair value of options at grant date^	Exercise price of options	Vesting period	Expiry date	Vested during year	Lapsed during year
			No.	\$	\$	\$			No.	No.
Executive directors										
L Jasper	2017	25 Oct 2016	79,432	111,205	1.40	5.96	30 Sep 2019	30 Sep 2021	-	-
	2014	10 Dec 2013	-	-	0.30	1.30	10 Dec 2017	9 Nov 2019	60,500	-
	2013	1 Oct 2012	-	-	0.09	1.10	1 Oct 2016	31 Aug 2018	18,333	-
R Phillpot	2017	25 Oct 2016	54,014	75,620	1.40	5.96	30 Sep 2019	30 Sep 2021	-	-
	2014	10 Dec 2013	-	-	0.33	1.20	10 Dec 2017	9 Nov 2019	38,750	-
	2013	1 Oct 2012	-	-	0.09	1.10	1 Oct 2016	31 Aug 2018	12,917	-
Non-executive directors										
A Lewis	2015	26 Sep 2014	-	-	0.39	2.40	1 Oct 2017	26 Aug 2020	130,000	-
P Unruh	2015	26 Sep 2014	-	-	0.39	2.40	1 Oct 2017	26 Aug 2020	50,000	-
S Yencken	2015	7 Aug 2014	-	-	0.72	1.30	1 Jul 2017	31 May 2020	40,000	-
Senior executives										
P Koppelman	2017	22 Dec 2016	135,003	200,000	1.48	4.91	22 Dec 2020	22 Dec 2022	-	-
	2017	7 Apr 2017	44,944	50,000	1.11	3.71	20 Mar 2020	20 Mar 2022	-	-
S Recht	2016	30 Sep 2015	-	-	1.01	4.30	30 Sep 2018	30 Sep 2020	-	119,895
P Perrett	2017	10 Oct 2016	55,393	95,830	1.73	6.54	30 Sep 2019	30 Sep 2021	-	-
	2012	31 May 2012	-	-	0.08	1.05	1 Jul 2016	31 May 2018	16,667	-

Shares awarded, vested and lapsed during the year ended 30 June 2017

Shares carry voting and dividend rights.

	Financial year	Grant date^	Shares awarded during the year	Value of shares granted during the year	Fair value of shares at grant date^	Vesting period	Vested during year
			No.	\$	\$		No.
Executive directors							
L Jasper	2017	25 Oct 2016	23,070	70,364	3.05	30 Sep 2019	-
R Phillpot	2017	25 Oct 2016	15,688	47,848	3.05	30 Sep 2019	-
Senior executives							
P Koppelman	2017	22 Dec 2016	40,733	200,000	4.91	22 Dec 2020	-
P Koppelman	2017	7 Apr 2017	13,477	34,636	2.57	20 Mar 2020	-
P Perrett	2017	10 Oct 2016	16,055	62,775	3.91	30 Sep 2019	-

[^] Grant date and fair value of shares at grant date is determined in accordance with AASB 2. For details on the valuation of shares, including models and assumptions used, please refer to section 5 of the notes to the accounts.

REMUNERATION REPORT (continued)

7. Statutory and share award reporting (continued)

Shares issued in the exercise of options and value of options exercised during the year

	Shares issued No.	Weighted average exercise price (paid per share)	Weighted average fair value of shares on exercise	Value of options relating to options exercised during the year [#]
		\$	\$	\$
Executive directors				
L Jasper	220,000	0.95	6.25	1,166,000
R Phillpot	100,000	0.95	6.52	557,000
Senior executives				
S Recht	903,558	1.05	5.68	4,183,474
P Perrett	550,000	1.05	6.66	3,085,500

[#] Determined at the time of exercise as the difference between exercise price and market price of shares.

Option holdings of KMP

	Balance at beginning of the year 1 Jul 2017	Granted during the year	Exercised during the year	Forfeited during the year	Balance at end of the year 30 Jun 2017	Vested and exercisable at 30 Jun 2017	Unvested and not exercisable at 30 Jun 2017
Executive directors							
L Jasper	1,010,781	79,432	(220,000)	-	870,213	651,750	218,463
R Phillpot	638,971	54,014	(100,000)	-	592,985	445,625	147,360
Non-executive directors							
A Lewis	598,875	-	-	-	598,875	555,542	43,333
P Unruh	154,167	-	-	-	154,167	137,500	16,667
S Yencken	120,000	-	-	-	120,000	116,667	3,333
Senior executives							
P Koppelman	-	179,947	-	-	179,947	-	179,947
S Recht ¹	1,023,453		(903,558) ¹	(119,895)	-	-	-
P Perrett	764,035	55,393	(550,000)	-	269,428	150,000	119,428

¹ S Recht ceased employment on 25 February 2017 and as at 25 February 2017 253,358 options were held and exercised after cessation of employment.

REMUNERATION REPORT (continued)

7. Statutory and share award reporting (continued)

Shareholdings of KMP (including restricted shares)

	Balance at beginning of period 1 Jul 2016	Granted as remuneration	Options exercised	Acquisitions / (Disposals)	Balance at end of period 30 Jun 2017
Executive directors					
L Jasper	11,829,380	23,070	220,000	(400,000)	11,672,450
R Phillpot	11,458,098	15,688	100,000	(400,000)	11,173,786
Non-executive directors					
A Lewis	2,860,890	-	-	-	2,860,890
P Unruh	145,833	-	-	-	145,833
S Yencken	1,011,917	-	-	-	1,011,917
K Toh	16,000	-	-	-	16,000
R Hartnett	-	-	-	2,000	2,000
Senior executives					
P Koppelman	-	54,210	-	-	54,210
S Recht ¹	-	-	903,558	(903,558)	-
P Perrett	199,061	16,055	550,000	(114,365)	650,751

¹ S Recht exercised and sold 650,200 share options between 29 August and 21 September 2016 and 253,358 share options post cessation of employment.

Loans to KMP

As at 30 June 2017 there were no loans outstanding from key management personnel and no loans were issued to key management personnel during the reporting period.

Other transactions and balances with KMP and their related parties

Key management person related parties	Transaction	Transaction value year ended 30 June		Balance outstanding as at 30 June	
		2017	2016	2017	2016
		\$	\$	\$	\$
Rob Phillpot					
Melbourne Office Furniture	Office furniture	86,421	71,551	-	6,710

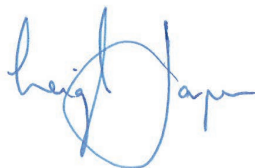
Aconex purchased office furniture and equipment for its Melbourne office from Melbourne Office Furniture, a Company partly owned by Rob Phillpot. Rates charged are based on normal market rates for such goods and services and are due and payable under standard payment terms.

Declaration

Signed in accordance with a resolution of the board of directors:



Mr Adam Lewis
Chairman



Mr Leigh Jasper
Chief Executive Officer

Dated 22 August 2017

FINANCIAL REPORT

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1. Basis of preparation	2. Segment reporting 3. Income and expenses	4. Working capital 5. Financial risk management 6. Issued capital and reserves 7. Earnings per share (EPS)	8. Property, plant and equipment 9. Intangible assets 10. Provisions	11. Income tax 12. Business combinations 13. Share based payments 14. Commitments and contingencies 15. Auditors' remuneration 16. Related party disclosures 17. Other

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Notes	2017 \$000	2016 \$000
Revenues		161,167	123,358
Cost of revenues	3	(42,384)	(31,279)
Gross profit		118,783	92,079
Other income	3	1,095	-
Engineering and product development	3	(31,207)	(16,898)
Sales and marketing	3	(59,228)	(46,146)
General and administrative	3	(31,903)	(22,991)
Acquisition and integration	3	(8,106)	(4,087)
(Loss) / profit before interest and tax (EBIT)		(10,566)	1,957
Interest income		620	386
Interest expense		(40)	(5)
(Loss) / profit before income tax		(9,986)	2,338
Income tax benefit	11	18	3,398
(Loss) / profit for the year		(9,968)	5,736
Other comprehensive income:			
Exchange differences on translation of foreign operations		426	1,315
Total comprehensive (loss) / income		(9,542)	7,051
Basic (loss) / earnings per share		(\$0.05)	\$0.03
Diluted (loss) / earnings per share		(\$0.05)	\$0.03

The accompanying notes 1 - 17 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	2017 \$000	2016 \$000
Current Assets			
Cash and cash equivalents	4(a)	31,337	49,985
Trade and other receivables	4(c)	28,884	30,908
Other assets	4(d)	10,375	11,131
Total current assets		70,596	92,024
Non-current assets			
Restricted cash	4(b)	2,580	2,522
Plant and equipment	8	9,400	6,085
Intangible assets	9	140,500	140,498
Deferred tax assets	11	6,474	7,597
Other assets	4(d)	737	-
Total non-current assets		159,691	156,702
Total assets		230,287	248,726
Current liabilities			
Trade and other payables	4(e)	24,418	27,267
Loans	4(g)	189	32
Contingent consideration	12	2,905	2,980
Income tax payable		1,328	1,651
Provisions	10	10,129	8,433
Deferred revenue	4(f)	57,168	61,638
Total current liabilities		96,137	102,001
Non-current liabilities			
Trade and other payables	4(e)	723	589
Loans	4(g)	767	933
Contingent consideration	12	-	2,948
Provisions	10	1,629	2,280
Deferred revenue	4(f)	25,855	28,031
Deferred tax liability	11	2,599	6,269
Total non-current liabilities		31,573	41,050
Total liabilities		127,710	143,051
Equity			
Issued capital	6(a)	203,564	197,815
Other contributed equity	6(b)	62,429	62,429
Reserves	6(c)	796	(325)
Accumulated losses		(164,212)	(154,244)
Total equity		102,577	105,675
Total liabilities and equity		230,287	248,726

The accompanying notes 1 - 17 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

		Issued capital \$000	Other contributed equity \$000	Reserves \$000	Accumulated losses \$000	Total \$000
Notes						
As at 1 July 2015		60,262	62,429	(679)	(159,980)	(37,968)
Profit for the period		-	-	-	5,736	5,736
Exchange differences on translation of foreign operations		-	-	1,315	-	1,315
Total comprehensive profit		-	-	1,315	5,736	7,051
Issue of ordinary shares	6(a)	132,003	-	-	-	132,003
Transaction costs, net of tax	6(a)	(1,913)	-	-	-	(1,913)
Exercise of share options	6(a)	5,138	-	-	-	5,138
Issue of shares for long term incentive plan ¹	6(a)	2,325	-	(2,325)	-	-
Share based payments	13	-	-	1,506	-	1,506
Payment for treasury shares	6(c)	-	-	(142)	-	(142)
As at 30 June 2016		197,815	62,429	(325)	(154,244)	105,675
Loss for the period		-	-	-	(9,968)	(9,968)
Exchange differences on translation of foreign operations		-	-	426	-	426
Total comprehensive loss		-	-	426	(9,968)	(9,542)
Transaction costs, net of tax	6(a)	(6)	-	-	-	(6)
Exercise of share options	6(a)	4,183	-	-	-	4,183
Issue of shares for long term incentive plan ¹	6(a)	1,572	-	(1,572)	-	-
Share based payments	13	-	-	2,441	-	2,441
Payment for treasury shares	6(c)	-	-	(174)	-	(174)
As at 30 June 2017		203,564	62,429	796	(164,212)	102,577

¹The Company issued new shares which are held by Aconex Employee Share Trust as part of the Company's Long Term Incentive Plan.

The accompanying notes 1 - 17 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Notes	2017 \$000	2016 \$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		168,021	124,576
Payments to suppliers and employees (inclusive of GST)		(164,369)	(116,430)
Compensation for surrender of lease (inclusive of GST)	3	1,205	-
Interest received		557	232
Finance costs		(39)	(5)
Income tax paid		(2,815)	(1,713)
Net cash provided by operating activities		2,560	6,660
Cash flows used in investing activities			
Capitalised internally generated development costs		(15,369)	(9,237)
Acquisition of businesses	12	(1,388)	(104,735)
Purchase of plant and equipment		(7,189)	(4,297)
Proceeds from sale of plant and equipment		6	-
Purchase of intangible assets		(66)	(202)
Net cash used in investing activities		(24,006)	(118,471)
Cash flows from financing activities			
Proceeds from equity raising		-	132,003
Proceeds from exercise of share options		4,183	5,138
Costs paid for equity raising		(91)	(2,964)
Payment for treasury shares		(174)	(142)
Repayment of borrowings		(29)	-
Net cash provided by financing activities		3,889	134,035
Net increase in cash held		(17,557)	22,224
Cash and cash equivalents at beginning of year		49,985	27,653
Net exchange differences		(1,091)	108
Cash and cash equivalents at end of year	4(a)	31,337	49,985
Restricted cash	4(b)	2,580	2,522
Total cash		33,917	52,507

The accompanying notes 1 - 17 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2017

SECTION 1: BASIS OF PREPARATION

Overview

This section outlines the basis on which the Group's financial statements are prepared. Specific accounting policies are described in the note to which they relate.

Note 1: Basis of preparation

The consolidated financial statements of Aconex Limited for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 22 August 2017.

The financial report covers Aconex Limited and its controlled entities as the consolidated group (**the Group**). Aconex Limited is the ultimate parent company of the Group.

Aconex Limited (**the Company**) is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on an historical costs basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the class order applies.

The financial report also complies with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are in the following notes:

- Note 4(c): Trade and other receivables
- Note 9: Intangible assets
- Note 11: Income tax (including deferred tax asset recognition)
- Note 13: Share based payments

Events occurring after the reporting period

There have been no events occurring after the reporting period which would have material effect on the Group's financial statements at 30 June 2017.

SECTION 2: OPERATING PERFORMANCE

Overview

This section explains the operating results of the Group for the year, and provides insights into the Group's results by reference to key areas, including:

- Results by operating segment;
- Income and expenses.

Note 2: Segment reporting

Segment reporting accounting policy

Operating segments are identified based on the separate financial information that is regularly reviewed by the Chief Operating Decision maker (**CODM**). The term CODM refers to the function performed by the Chief Executive Officer and the Board in assessing performance and determining the allocation of resources across the Group.

(a) Description of segments

The Group's product and services include the development, sale and support of web-based and mobile collaboration and information and process management tools for capital projects. For management purposes, the Group is organised into five separate operating segments based on geographic location (all of these segments offer the same products and services):

- a. Australia and New Zealand (**ANZ**)
- b. Americas
- c. Asia
- d. Europe and Africa (**EA**)
- e. Middle East (**ME**)

For the year ended 30 June 2017 Aconex has split the previously reported segment EMEA (Europe, Middle East and Africa) into two separate segments EA and ME. It has been identified that these operating segments more accurately reflect the business activities of the Group and are reported internally and regularly reviewed by the CODM. Comparative information has been amended to reflect this change in operating segments.

In addition to the above segments, Aconex has a head office function which holds the unallocated expenses. Unallocated expenses represent costs that are not separately included in the reports provided to regional businesses as they are controlled centrally and not directly allocated to a particular region.

Interest expenses, financing costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Depreciation and amortisation are not allocated to individual segments as the underlying assets are also managed on a group basis.

Segment performance

The CODM uses EBITDA from core operations as a measure to assess performance of the segments. This excludes significant items such as acquisition and integration costs and foreign exchange gains or losses. Refer to operating and financial review for discussion on segment reporting.

Note 2: Segment reporting (continued)

(b) Segment reporting

The following tables present revenue and profit information about the Group's operating segments for the year ended 30 June 2017 and 2016.

	ANZ \$000	Asia \$000	Americas \$000	EA \$000	ME \$000	Head Office \$000	Global \$000
Year ended 30 June 2017							
Revenue	53,259	15,818	24,624	42,601	24,865	-	161,167
Cost of revenues	(5,157)	(3,609)	(8,410)	(10,628)	(5,643)	(8,233)	(41,680)
GROSS PROFIT	48,102	12,209	16,214	31,973	19,222	(8,233)	119,487
GROSS PROFIT MARGIN	90%	77%	66%	75%	77%		74%
Other income	-	-	-	-	-	1,095	1,095
Operating expenses							
Engineering and product development	-	-	-	-	-	(20,299)	(20,299)
Sales and marketing	(10,135)	(7,678)	(12,556)	(13,363)	(6,184)	(9,312)	(59,228)
General and administrative	(36)	(836)	(1,230)	(2,304)	(1,190)	(20,450)	(26,046)
TOTAL OPERATING EXPENSES	(10,171)	(8,514)	(13,786)	(15,667)	(7,374)	(50,061)	(105,573)
EBITDA FROM CORE OPERATIONS	37,931	3,695	2,428	16,306	11,848	(57,199)	15,009
CONTRIBUTION MARGIN	71%	23%	10%	38%	48%		9%
Year ended 30 June 2016							
Revenue	48,768	13,344	21,311	17,508	22,427	-	123,358
Cost of revenues	(5,972)	(3,140)	(6,390)	(3,614)	(5,051)	(6,669)	(30,836)
GROSS PROFIT	42,796	10,204	14,921	13,894	17,376	(6,669)	92,522
GROSS PROFIT MARGIN	88%	77%	70%	79%	77%		75%
Operating expenses							
Engineering and product development	-	-	-	-	-	(12,717)	(12,717)
Sales and marketing	(8,088)	(7,030)	(11,682)	(5,758)	(5,844)	(7,744)	(46,146)
General and administrative	(251)	(1,176)	(1,016)	(932)	(1,329)	(15,332)	(20,036)
TOTAL OPERATING EXPENSES	(8,339)	(8,206)	(12,698)	(6,690)	(7,173)	(35,793)	(78,899)
EBITDA FROM CORE OPERATIONS	34,457	1,998	2,223	7,204	10,203	(42,462)	13,623
CONTRIBUTION MARGIN	71%	15%	10%	41%	45%		11%

Reconciliation of profit

	2017 \$000	2016 \$000
EBITDA from core operations	15,009	13,623
Foreign currency gains / (losses)	703	(48)
Acquisition and integration expenses	(8,106)	(4,087)
EBITDA	7,606	9,488
Less: depreciation and amortisation expense	(18,172)	(7,531)
(Loss) / profit before interest and tax (EBIT)	(10,566)	1,957
Finance income, net	580	381
(Loss) / profit before income tax	(9,986)	2,338

Note 2: Segment reporting (continued)

(c) Other segment information

Revenue is recognised in a subsidiary based on where the services are performed for a particular project. In the majority of cases revenue per subsidiary will match the region in which the subsidiary operates.

	2017 \$000	2016 \$000
Revenue by location		
Australia	50,270	47,197
United Kingdom	18,831	11,622
United Arab Emirates	16,958	13,139
United States of America	16,204	13,148
Rest of world	58,904	38,252
TOTAL REVENUE	161,167	123,358

Reconciliation of assets

Non-current assets for this purpose consist of property and equipment, intangible assets, restricted cash, deferred taxes and other assets. Deferred taxes, restricted cash balances and other assets are not allocated to a specific location as they are also managed on a group basis.

Non-current assets by location of assets

Australia	37,380	30,505
Europe	109,331	113,979
Rest of the world	3,189	2,099
Unallocated assets	9,791	10,119
TOTAL NON-CURRENT ASSETS	159,691	156,702

Revenue recognition accounting policy

The Group derives its revenues predominately through the sale of its subscription services which allows customers to access the Group's project collaboration platform software 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 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 the Group 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 the Group fails to perform its material obligations pursuant to their subscription service arrangements. Additionally, to the extent the Group's subscription service arrangements include non-standard cancellation terms or rights to refunds/contingent revenues, the Group will recognise revenue upon the satisfaction of such criteria, as applicable.

Revenue is disclosed as net of a reserve for customer credits in the statement of comprehensive income. 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.

Note 2: Segment reporting (continued)

Platform license and hosting service revenue

The Group'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 recognition for the Group's services are accounted for as services as opposed to sales of software.

The Group's fixed commitment subscription services arrangements generally include the provision of access to the Group's platform license and hosting services ("the subscription services") for its various software products, together with the related implementation and set-up services, training, maintenance and customer support. The Group has determined that the subscription service including implementation and set-up services, training and customer support, represent 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 the Group's subscription services are made available to its customers.

The Group's various software services include the Aconex base platform license and hosting service which is sold with various additional add-on modules. 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 the Group 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, the Group 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. The Group has determined that professional support services represent stand-alone value and is 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

Professional support services revenue consists primarily of fees associated with other follow-on or separately sold professional services, archiving services and or provision of document controllers. 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 Group.

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.

Note 3: Income and expenses

Other income

	2017 \$000	2016 \$000
Compensation for surrender of lease	1,095	-
	1,095	-

On 18 August 2016, the Company received a \$1.095m compensation cash payment from the NSW government for the surrender of a lease (\$1.205m including GST). For the year ended 30 June 2017 \$0.231m of assets have been disposed as part of the surrender of the lease and are included in general and administrative expenses. The company has incurred additional costs for the leasehold improvements associated with the Sydney fit-out. These have been included in investing activities in the consolidated statement of cash flows.

Cost of revenues

Employee benefit expense	27,046	18,776
Other costs	14,634	12,060
	41,680	30,836
Depreciation and amortisation expense	704	443
	42,384	31,279

Engineering and product development

Employee benefit expense	13,094	8,532
Other costs	7,205	4,185
	20,299	12,717
Depreciation and amortisation expense ¹	10,908	4,181
	31,207	16,898

¹Includes amortisation of customer acquired software development costs of \$3.685m (2016: \$0.587m)

Sales and marketing

Employee benefit expense ¹	45,048	35,951
Other costs ²	14,180	10,195
	59,228	46,146

¹Employee benefit expense includes employee sales commissions. Employee sales commissions were previously classified as other costs in the 30 June 2016 Annual Report. Refer to note 17 (comparative figure) above for an explanation of this change in comparative information.

²Other costs include travel and accommodation, external marketing costs, allocation of certain head office costs and third party sales agent commissions.

Sales commissions accounting policy

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 statement of comprehensive income as sales and marketing costs.

Note 3: Income and expenses (continued)

General and administrative

	2017 \$000	2016 \$000
Employee benefit expense	15,527	12,581
Loss on disposal of leasehold improvements	231	-
Other costs	10,288	7,455
	26,046	20,036
Foreign currency (gains) / losses	(703)	48
Depreciation and amortisation expense ¹	6,560	2,907
	31,903	22,991

¹Includes amortisation of customer relationships and brands of \$3.943m (2016: \$1.541m)

Acquisition and integration expense

Acquisition and integration expense ¹	8,106	4,087
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¹For the year ended 30 June 2017, integration expenses relate to the integration of Conject acquisition within the Aconex business. For the year ended 30 June 2016, acquisition and integration costs relate to the three business acquisitions of CIMIC, Worksite and Conject.

Depreciation and amortisation expenses

Amortisation of software development costs - acquired	3,685	587
Amortisation of customer relationships and brands - acquired	3,943	1,541
Total acquired amortisation of intangible assets	7,628	2,128
Amortisation of software development costs - internally developed	7,090	3,491
Amortisation of software and software licenses	136	83
Depreciation of plant and equipment	3,318	1,829
Total depreciation and amortisation expense	18,172	7,531

SECTION 3: CAPITAL AND LIQUIDITY

Overview

This section provides insights into the Group's exposures to market and financial risks, and outlines how these risks are managed. This section also describes how the Group's capital is managed.

Note 4: Working capital

Capital management accounting policy

Management controls the capital of the Group in order to ensure its operations are funded and the Group continues as a going concern. This includes management of debt levels and share issues. The Group's debt and capital includes ordinary share capital, financial liabilities and financial assets. The Group is not subject to any externally imposed capital requirements. As at 30 June 2017 the company had a net current asset deficiency \$25.541m (2016: \$9.977m). This deficiency is a result of non cash deferred revenue balance of \$57.168m that represents revenue that will be recognised in the year ending 30 June 2018.

(a) Cash and cash equivalents

	2017 \$000	2016 \$000
Cash at bank and on hand	21,309	18,857
Short-term deposits	10,028	31,128
	31,337	49,985

Cash at banks earn interest at floating interest rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. For the purpose of the statement of cash flows, cash and cash equivalents comprise the amounts disclosed above.

The Group has cash and cash equivalent amounts held in its subsidiaries which are used for working capital purposes of the respective subsidiary. As at 30 June 2017, the Group held cash and cash equivalents totalling \$834,171 (30 June 2016: \$974,403) in countries where exchange controls and legal restrictions exist which would restrict the amounts being immediately available for use by the parent or other subsidiaries of the Group. These amounts are classified as cash and cash equivalents as these amounts can be accessed by the subsidiary and are available for use within its respective jurisdiction.

(b) Restricted cash

The Group's funded guarantees provided by various banks in order to satisfy Aconex's obligations under its rental leases and customer service agreements. The associated term deposits are recognised in the Balance Sheet under Restricted Cash.

Lease agreement guarantees	1,309	1,472
Customer service agreements	1,271	1,050
	2,580	2,522

Aconex has a bank guarantee facility of \$1.700m with HSBC Australia. This facility is covered by term deposit of \$1.200m. Total value of bank guarantees issued under this facility is AUD 1.426m (unused \$0.274m).

Restricted cash accounting policy

Restricted cash are amounts held as security against various lease obligations and customer performance guarantees that are not available for short term use.

Note 4: Working capital (continued)

Reconciliation of cash flow from operations with net profit/(loss) after income tax

	2017	2016
	\$000	\$000
Net (loss)/profit	(9,968)	5,736
<i>Adjustments for non-cash flows</i>		
Depreciation and amortisation expense	18,172	7,531
Share based payment expense	2,441	1,506
Loss on sale of plant and equipment	3	80
Unrealised foreign exchange (gain)/loss	(102)	116
<i>Changes in operating assets and liabilities:</i>		
Increase in restricted cash	(56)	(901)
Decrease/(increase) in receivables	1,247	(5,613)
Increase in current assets	(2,001)	(3,485)
Increase in net deferred tax assets	(2,530)	(5,515)
(Decrease)/increase in net tax provisions	(303)	404
(Decrease)/increase in payables	(1,374)	5,675
Increase in provisions	1,160	1,503
Decrease in deferred revenue	(4,129)	(377)
Cash flow from operations	2,560	6,660

(c) Trade and other receivables

Trade receivables	32,865	33,683
Allowance for credit notes (collectively impaired)	(781)	(862)
Allowance for impairment (individually impaired)	(3,200)	(1,913)
Trade receivables, net	28,884	30,908
	Collectively impaired	Individually impaired
	\$000	\$000
Balance at 1 July 2015	1,086	1,225
Acquired	279	699
Impairment credited to statement of comprehensive income	(41)	(352)
Impairment (credited) / applied to deferred revenue	(450)	348
Foreign exchange translation	(12)	(7)
Balance at 30 June 2016	862	1,913
Impairment (credited) / applied to statement of comprehensive income	(53)	910
Impairment (credited) / applied to deferred revenue	(19)	427
Foreign exchange translation	(9)	(50)
Balance at 30 June 2017	781	3,200

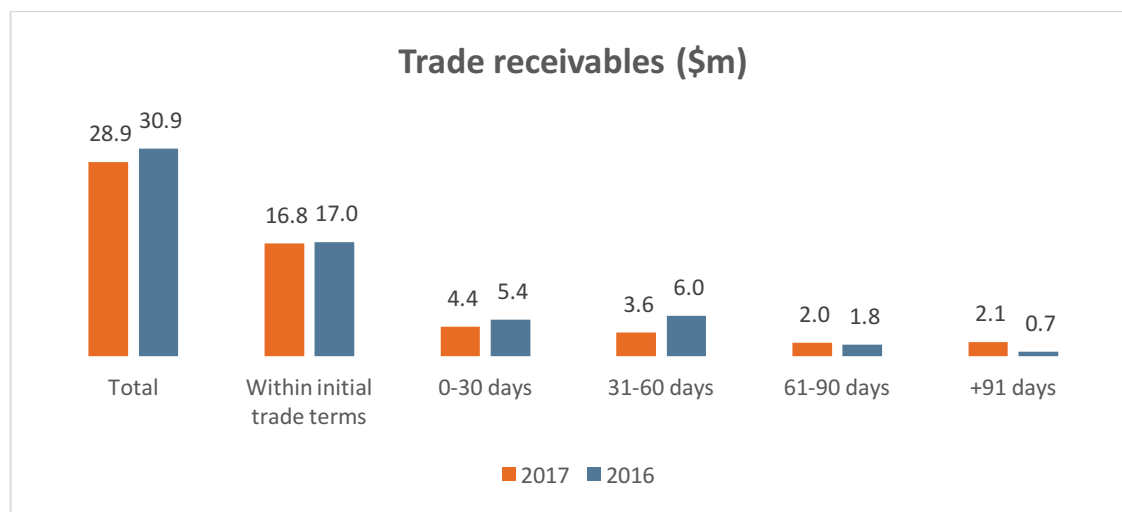
Note 4: Working capital (continued)

Provision for impairment of receivables – key estimate

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 the Group.

Ageing analysis

Trade receivables contain assets that are not impaired, but are past due. It is expected these balances will be recovered in full.



Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for an impairment loss is recognised when there is objective evidence that an individual receivable is impaired. As at 30 June 2017, trade receivables of \$3.200m (2016: \$1.913m) were impaired and fully provided for. Refer above for movements in the provision for impairment of receivables and provision for credit notes.

Due to the short term nature of these receivables, carrying value is assumed to approximate their respective fair values.

(d) Other assets

CURRENT

Purchase price adjustment of the Conject acquisition (refer to note 12)

Prepayments, deposits and other assets

Accrued income

NON-CURRENT

Prepayments, deposits and other assets

	2017	2016
	\$000	\$000
Purchase price adjustment of the Conject acquisition (refer to note 12)	-	1,795
Prepayments, deposits and other assets	6,721	7,094
Accrued income	3,654	2,242
	10,375	11,131
Prepayments, deposits and other assets	737	-
	11,112	11,131

Note 4: Working capital (continued)

(e) Trade and other payables

	2017 \$000	2016 \$000
CURRENT		
Trade payables	4,365	5,078
Sundry payables and accrued expenses	20,053	22,189
	24,418	27,267
NON-CURRENT		
Sundry payables and accrued expenses	723	589
	25,141	27,856

Terms and conditions of current trade and other payables:

- Trade and other payables are non-interest bearing and normally settled on 30 day terms.
- Due to the short term nature of these payables, carrying value is assumed to approximate their respective fair values.
- Non-current sundry payables and accrued expenses are non-interest bearing. They relate to commissions payable which are expected to be settled between 12 to 24 months.

(f) Deferred revenue

CURRENT		
Deferred revenue	57,168	61,638
NON-CURRENT		
Deferred revenue	25,855	28,031
	83,023	89,669

Deferred revenue accounting policy

The Group recognises revenue for its services over the related service period. The Group generally invoices customers in advance of the services either 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 statement of comprehensive income as the services are delivered. Current deferred revenue represents revenue that will be recognised over the succeeding twelve months from balance date.

(g) Loans

CURRENT		
Loan	189	32
NON-CURRENT		
Loan	767	933
	956	965

On 31 March 2016 Aconex assumed loans as part of the acquisition of Conject totalling \$1,031,743 (€700,000) payable to the French government. These are loans are provided from the French Government to incentivise business within France. Of the \$1,011,670 (€680,000) loan outstanding at 30 June 2017, \$743,875 (€500,000) is interest free and has been fair valued at acquisition and year-end. The remaining €180,000 loan balance incurs \$3.02% p.a.

Note 5: Financial risk management

The Group's principal financial liabilities comprise loans, contingent consideration and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

Material financial risks

The material financial risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. There have been no changes in the types of risk, or the approach to the mitigation of those risks, since the prior year.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. In the majority of the Group's operations, the Group will invoice in a particular currency as well as incur expenses in that currency. In addition, there is a natural hedge across jurisdictions hence there is some natural offset of foreign currency exposure. Also, the diversity of currencies to which the Group is exposed helps to mitigate its net foreign currency exposure.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows. The maturity analysis for the contractual remaining life of the financial liabilities is disclosed in note 5(b).

Credit risk

The maximum exposure to credit risk on recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The receivables of the Group are well diversified and the Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group, with the exception that the group's largest customer represented approximately 2.2% of the outstanding debtors balance at 30 June 2017 (30 June 2016: 4.3%).

Credit risk related to balances with banks and other financial institutions is managed in accordance with the Group's treasury policy. The policy requires that no more than 3 month's working capital be held in offshore bank accounts at any one time, with the certain exceptions relating to overseas operations where cost, compliance or lead time in relation to the capital injection process is onerous. The policy specifies that surplus funds be repatriated to Australia and held in Australia with a financial institution that has a Standard and Poor's (S&P) rating of at least AA-.

Other risks

Interest rate risk is managed with fixed and floating rate financial instruments. The Group's exposure is not material.

Note 5: Financial risk management (continued)

(a) Foreign currency risk and sensitivity analysis

The following table shows the foreign currency risk on the financial assets and liabilities of the Group denominated in currencies other than the functional currency of the individual subsidiaries.

The foreign currency risk relates solely to the balances that are not in the functional currency of the individual entity within the Group. It does not relate to the translation of the individual entity balances in to the reporting currency of the Group.

	USD \$000	GBP \$000	EUR \$000	CAD \$000	Other \$000
Year ended 30 June 2017					
<i>Financial assets</i>					
Cash	4,748	-	1,297	-	92
Trade receivables	4,784	-	1,122	-	407
<i>Financial liabilities</i>					
Trade payables	(182)	(13)	(773)	-	(6)
Contingent consideration	-	-	(2,905)	-	-
Net intercompany payables	(11,328)	(6,180)	(325)	(3,020)	(706)
Net foreign exchange exposure	(1,978)	(6,193)	(1,584)	(3,020)	(213)

Year ended 30 June 2016

<i>Financial assets</i>					
Cash	2,208	-	393	-	-
Trade receivables	2,757	-	415	-	1,110
<i>Financial liabilities</i>					
Trade payables	(248)	-	(14)	-	(33)
Contingent consideration	-	-	(2,948)	-	-
Net intercompany payables	(22,573)	(4,032)	(472)	(4,421)	(2,447)
Net foreign exchange exposure	(17,856)	(4,032)	(2,626)	(4,421)	(1,370)

Foreign currency risk sensitivity analysis

At 30 June, the effect on profit and equity as a result of changes in the value of the Australian dollar, based on what management consider to be a reasonably possible change in the Australian dollar, with all other variables remaining constant is as follows:

	Increase / (decrease) in profit and equity	
	2017 \$000	2016 \$000
Change in profit and equity		
Improvement AUD to USD by 10%	180	990
Decline in AUD to USD by 10%	(220)	(1,210)
Improvement AUD to CAD by 10%	275	271
Decline in AUD to CAD by 10%	(336)	(331)
Improvement AUD to GBP by 10%	563	242
Decline in AUD to GBP by 10%	(688)	(296)
Improvement AUD to EUR by 10%	144	160
Decline in AUD to EUR by 10%	(176)	(195)

Note 5: Financial risk management (continued)

(b) Liquidity risk – maturity analysis

The following are the undiscounted contractual maturities of financial assets and financial liabilities.

	Carrying amount \$000	Contractual cash flows \$000	1-12 months \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Year ended 30 June 2017						
<i>Financial assets</i>						
Cash and cash equivalents	31,337	31,337	31,337	-	-	-
Restricted cash	2,580	2,580	352	412	1,816	-
Trade and other receivables	28,884	28,884	28,884	-	-	-
	62,801	62,801	60,573	412	1,816	-
<i>Financial liabilities</i>						
Loans	(956)	(1,031)	(216)	(214)	(601)	-
Contingent consideration	(2,905)	(2,905)	(2,905)	-	-	-
Trade and other payables	(25,141)	(25,141)	(24,493)	(648)	-	-
	(29,002)	(29,077)	(27,614)	(862)	(601)	-
Net inflow / (outflow)	33,799	33,724	32,959	(450)	1,215	-
Year ended 30 June 2016						
<i>Financial assets</i>						
Cash and cash equivalents	49,985	49,985	49,985	-	-	-
Restricted cash	2,522	2,522	459	407	1,656	-
Trade and other receivables	30,908	30,908	30,908	-	-	-
	83,415	83,415	81,352	407	1,656	-
<i>Financial liabilities</i>						
Loans	(965)	(1,045)	(32)	(217)	(669)	(127)
Contingent consideration	(5,928)	(5,928)	(2,980)	(2,948)	-	-
Trade and other payables	(27,856)	(27,856)	(27,267)	(589)	-	-
	(34,749)	(34,829)	(30,279)	(3,754)	(669)	(127)
Net inflow / (outflow)	48,666	48,586	51,073	(3,347)	987	(127)

Net fair values

Part of the loan outstanding at 30 June 2017, \$743,875 (€500,000), is interest free and has been fair valued at the year-end (refer note 4(g)). For all other financial instruments the carrying value approximates to the fair value. 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.

Note 5: Financial risk management (continued)

Financial instruments accounting policy

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. This is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial assets are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to the statement of comprehensive income 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 minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest 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, less impairment.

Held-to-maturity investments

These investments have fixed maturities and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by Group are stated at amortised cost using the effective interest rate method, less impairment.

Derecognition

Financial assets are derecognised when:

- the contractual right to receipt of cash flows expires; or
- the Group has transferred its right to receive cash flows from the asset to another party and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is an indication that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred “loss event”) has an impact on the estimated future cash flows of the financial assets or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Note 5: Financial risk management (continued)

Financial instruments accounting policy (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when the Group 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 payments and amortisation.

Derecognition

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Note 6: Issued capital and reserves

(a) Ordinary shares

	No.	\$000
As at 30 June 2015	164,875,333	60,262
Shares issued – private placement	23,076,924	120,000
Shares issued – share purchase plan	2,308,237	12,003
Exercise of share options	4,594,411	5,138
Issue of shares for long term incentive plan	456,933	2,325
Transaction costs, net of tax	-	(1,913)
As at 30 June 2016	195,311,838	197,815
Exercise of share options	3,543,652	4,183
Issue of shares for long term incentive plan	289,610	1,572
Transaction costs, net of tax	-	(6)
As at 30 June 2017	199,145,100	203,564

The Company has no limit for authorised share capital and the shares have no par value. Ordinary shareholders participate in dividends, if and only when declared, and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At 30 June 2017, 9,517,461 options existed over new shares in the company (2016: 11,657,595).

(b) Other contributed equity

As at 30 June 2016 and 30 June 2017	62,429
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The derivative liability, valued at \$111,482,000 as at 30 June, 2014 was converted to ordinary shares as part of the IPO at a value of \$62,428,572, being 32,857,143 Class A preference shares converted to ordinary shares at a fair value of \$1.90. The \$62,428,572 has been recognised as other contributed equity.

Note 6: Issued capital and reserves (continued)

(c) Reserve

Movement and balance of reserves

	Share based payment reserve \$000	Foreign currency translation reserve \$000	Treasury reserve \$000	Total \$000
As at 1 July 2015	3,391	(4,070)	-	(679)
Foreign currency translation	-	1,315	-	1,315
Share based payment	1,506	-	-	1,506
Issue of shares for long term incentive plan	-	-	(2,325)	(2,325)
Payment for treasury shares	-	-	(142)	(142)
As at 30 June 2016	4,897	(2,755)	(2,467)	(325)
Foreign currency translation	-	426	-	426
Share based payment	2,441	-	-	2,441
Issue of shares for long term incentive plan	-	-	(1,572)	(1,572)
Payment for treasury shares	-	-	(174)	(174)
As at 30 June 2017	7,338	(2,329)	(4,213)	796

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Share based payments reserve

The share based payments reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration.

Treasury reserve

The treasury reserve is used to own shares held by the Company. During the year ended 30 June 2017, the Company issued new shares which are held by Aconex Employee Share Trust as part of the Long Term Incentive Plan and the Company purchased shares held by the Aconex Employee Share Trust as part of the Employee Share Purchase Plan.

	No.	\$000
As at 1 July 2015	-	-
Issued of restricted shares under the LTI scheme (average price: \$5.09 per share)	456,933	2,325
Employee share purchase plan issued (average price: \$5.19 per share)	27,364	142
As at 30 June 2016	484,297	2,467
Issued of restricted shares under the LTI scheme (average price: \$5.43 per share)	289,610	1,572
Employee share purchase plan issued (average price: \$4.68 per share)	37,153	174
As at 30 June 2017	811,060	4,213

Note 7: Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit or loss for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

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

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

	2017	2016
Weighted average number of ordinary shares for basic EPS	197,558,582	174,261,730
Options outstanding over ordinary shares at 30 June 2017	9,517,461	11,657,595
Weighted average number of ordinary shares for diluted EPS	207,076,043	185,919,325
Net (loss) / profit after tax attributable to ordinary equity holders of the Parent for basic and diluted EPS (\$000's)	(9,968)	5,736
Basic (loss) / earnings per share	(\$0.05)	\$0.03
Diluted (loss) / earnings / per share	(\$0.05)	\$0.03

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting and the date of authorisation of these financial statements.

SECTION 4: OTHER ASSETS AND LIABILITIES

Overview

This section provides insights into the operating assets used and liabilities incurred to generate the Group's operating result.

Note 8: Property, plant and equipment

Reconciliation of carrying amounts at the beginning and end of the period

	Leasehold improvement	Furniture, fixtures & fittings	Computer equipment	Total
	\$000	\$000	\$000	\$000
Year ended 30 June 2017				
Balance at 1 July 2016	2,084	979	3,022	6,085
Additions ¹	2,901	341	3,624	6,866
Disposals	(258)	(17)	(59)	(334)
Exchange differences	(19)	(16)	136	101
Depreciation expense	(784)	(306)	(2,228)	(3,318)
Balance at 30 June 2017	3,924	981	4,495	9,400
As at 30 June 2017				
Cost	6,755	2,833	13,659	23,247
Accumulated depreciation	(2,831)	(1,852)	(9,164)	(13,847)
Net carrying amount	3,924	981	4,495	9,400
Year ended 30 June 2016				
Balance at 1 July 2015	775	296	1,805	2,876
Acquired	66	20	172	258
Additions ¹	1,724	873	2,286	4,883
Disposals	(80)	-	-	(80)
Exchange differences	(6)	(18)	1	(23)
Depreciation expense	(395)	(192)	(1,242)	(1,829)
Balance at 30 June 2016	2,084	979	3,022	6,085
As at 30 June 2016				
Cost	3,853	2,472	10,202	16,527
Accumulated depreciation	(1,769)	(1,493)	(7,180)	(10,442)
Net carrying amount	2,084	979	3,022	6,085

¹The difference between additions disclosed in this note and the consolidated statement of cash flows is due to timing of payments and foreign currency.

Note 8: Property, plant and equipment (continued)

Plant and equipment accounting policy

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

Depreciation

Fixed 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 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%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Note 9: Intangible assets

Reconciliation of carrying amounts at the beginning and end of the period

	Software and software licenses	Internally generated software development	Software development acquired from acquisitions	Brands	Customer relationships ³	Goodwill	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Year ended 30 June 2017							
Balance at 1 July 2016	245	12,925	12,631	3,658	10,651	100,388	140,498
Internally developed ¹	-	14,850	-	-	-	-	14,850
Contingent consideration	-	-	203	-	-	-	203
Additions	66	-	-	-	-	-	66
Exchange differences	(7)	42	(92)	(26)	(59)	(121)	(263)
Amortisation expense ²	(136)	(7,090)	(3,685)	(2,055)	(1,888)	-	(14,854)
Balance at 30 June 2017	168	20,727	9,057	1,577	8,704	100,267	140,500
As at 30 June 2017							
Cost	3,697	59,260	13,394	4,191	11,658	100,267	194,873
Accum. amortisation	(3,529)	(38,533)	(4,337)	(2,614)	(2,954)	-	(54,373)
Net carrying amount	168	20,727	9,057	1,577	8,704	100,267	140,500
Year ended 30 June 2016							
Balance at 1 July 2015	89	6,344	-	-	-	20	6,453
Acquired	47	-	10,145	4,126	11,573	99,214	125,105
Internally developed ¹	-	10,072	-	-	-	-	10,072
Contingent consideration	-	-	2,980	-	-	-	2,980
Additions	202	-	-	-	-	-	202
Exchange differences	(10)	-	93	64	87	1,154	1,388
Amortisation expense ²	(83)	(3,491)	(587)	(532)	(1,009)	-	(5,702)
Balance at 30 June 2016	245	12,925	12,631	3,658	10,651	100,388	140,498
As at 30 June 2016							
Cost	3,564	44,364	13,216	4,180	11,644	100,388	177,356
Accum. amortisation	(3,319)	(31,439)	(585)	(522)	(993)	-	(36,858)
Net carrying amount	245	12,925	12,631	3,658	10,651	100,388	140,498

¹Difference between additions disclosed in this note and the consolidated statement of cash flows is due to timing of payments and foreign currency.

²Total amortisation of acquired intangible assets were \$7.628m for the year ended 30 June 2017 (2016: \$2.128m).

³Customer relationships acquired through CIMIC have a carrying value of \$4.660m and a remaining useful life of 6 years and those acquired through Conject Holdings GmbH have a carrying value of \$4.044m and remaining useful lives between 2-5 years at 30 June 2017.

Note 9: Intangible assets (continued)

Intangible assets - key estimates and judgement

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgment that technological and economic feasibility is confirmed and when the preliminary project stage has been completed. In determining the amounts to be capitalised, management make 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. The Company'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. The Group's management determines the estimated useful lives and related amortisation for its software and technology. The estimate is based on projected product lifecycle and could change significantly as a result of technical innovations and competitor actions.

Customer contracts and relationships are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A key assumption in testing customer contracts and relationships for the impairment is the retention of the underlying contracts. Assumptions are made around renewal of these contracts and associated cash flows based on contract renewal options and the Group's commercial and strategic long-term plans.

On the annual basis, the Group test weather goodwill has suffered any impairment. In assessing goodwill for impairment, the recoverable amounts of cash-generating units have been determined based on value-in-use calculations.

Carrying amount of goodwill allocated to each of the CGUs

	2017 \$000	2016 \$000
EA ¹	97,986	98,107
ANZ ²	2,281	2,281
	100,267	100,388

¹Goodwill and intangible assets arising from the acquisition of Conject have been allocated to the EA cash generating unit (CGU).

²Goodwill arising from the acquisition of CIMIC has been allocated to the ANZ CGU.

Key assumptions used in value in use calculations

The recoverable amounts of the CGUs have been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering a 5 year period. The key assumptions for both CGUs are as follows:

- Terminal growth rate of 3% for both CGUs (2016: 5% for EMEA and 3% for ANZ)
- Pre-tax discount rate of 16.20% for EA CGU (2016: 15.1%) and 16.05% for ANZ CGU (2016: 15.1%)
- Revenue growth
- Operating expenditure and contribution margin

Sensitivity to key assumptions

EA CGU

The recoverable amounts of the EA CGU is \$125m as at 30 June 2017 (2016: \$116m). The calculation of value in use for the EA CGU is most sensitive to the following assumptions:

- Revenue growth is based on FY18 forecast incorporating existing contracts and future bookings. Revenue growth of 15% beyond FY18 is based on management's best estimate of revenue growth taking into account global construction industry output forecasts (2016: 15%). Holding all other variables constant, a 3% reduction on Management's revenue growth over the forecast period would result in a reduction of \$27m to the recoverable amount, such that the recoverable amount would equal the carrying amount of the EA business.
- Operating expenditure and contribution margin - operating expenditure in FY18 is based on the FY18 budget. Beyond FY18, operating expenditure as a percentage of revenue is expected to decline increasing the contribution margin. Holding all other variables constant, a 2% reduction on Management's contribution margin during the forecast period would result in a reduction of \$27m to the recoverable amount, such that the recoverable amount would equal the carrying amount of the EA business.

ANZ CGU

For the ANZ CGU, there is no reasonably possible change in the key assumptions that would cause the carrying amount to exceed the recoverable amount.

Note 9: Intangible assets (continued)

Intangible assets accounting policy

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 is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is 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 statement of comprehensive income.

Development costs

The Group 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 the Group can demonstrate:

- The technical feasibility of completing the intangible assets 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.
- 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. During the period of development, the asset is tested for impairment annually.

	Development costs	Software & Software licenses	Customer relationships	Brands
Useful lives	Finite 3 years	Finite 1- 3 years	Finite 3-8 years	Finite 2 years
Internally generated or acquired	Internally generated or acquired	Acquired	Acquired	Acquired

All intangible assets are amortised on a straight line basis over the period of expected future benefit.

Impairment tests for goodwill

The Group 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, the Group 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 that are largely independent of the cash inflows from other assets or the Group's assets (cash-generating units). Non-financial assets that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Note 10: Provisions

CURRENT

Annual leave
Long service leave
Service benefits
Lease incentive (i)
Make good provision (ii)
Onerous lease (iii)

2017 \$000	2016 \$000
5,872	4,891
1,565	1,215
1,512	1,501
206	140
403	330
571	356
10,129	8,433

NON-CURRENT

Long service leave
Lease incentive (i)
Make good provision (ii)
Onerous lease (iii)

493	562
827	775
309	372
-	571
1,629	2,280

Nature and timing of provisions

- A provision has been made in respect of lease incentives to recognise total lease payments evenly over the term of the lease.
- A provision has been made for "make good costs" which represents the present value of anticipated costs of future restoration of leased office premises at the termination of the lease.
- A provision for vacant office lease space was acquired as part of Conject acquisition. This provision represents the present value of the future anticipated lease costs.

Movements in provisions

Movements in each class of provision during the financial year other than provisions relating to employee benefits are set out below:

	Lease incentive (i) \$000	Make good provision (ii) \$000	Onerous lease (iii) \$000
As at 1 July 2015	745	180	-
Acquired	-	380	958
Additional provision	307	149	-
Provision unwound	(133)	(8)	-
Foreign exchange translation	(4)	1	(31)
Balance at 30 June 2016	915	702	927
Additional provision	348	44	-
Provision unwound	(227)	-	(289)
Foreign exchange translation	(3)	(34)	(67)
Balance at 30 June 2017	1,033	712	571

Note 10: Provisions (continued)

Employee leave benefits accounting policy

Employee benefits

Provision is made for the Group'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 twelve 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 leave 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 high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Service benefits

A provision for service benefits 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.

Post-employment benefits

The Group 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.

SECTION 5: OTHER

Overview

This section includes additional information that must be disclosed to comply with the Accounting Standards, the Corporations Act 2001 and the Corporations Regulations.

Note 11: Income tax

The components of income tax expense comprises:

	2017 \$000	2016 \$000
Current tax ¹	(2,222)	(1,940)
Under provision in respect of prior years	(344)	(153)
Deferred tax:		
Recognition of previously unrecognised temporary differences ³	387	5,522
Relating to origination of temporary differences ²	2,197	(31)
Income tax benefit in the statement of comprehensive income	18	3,398

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

Loss / (profit) before income tax	9,986	(2,338)
Prima facie income tax expense on profit before income tax at 30%	2,996	(702)
Adjust for the tax effect of:		
Differential corporate tax rate	1,585	828
Recognition of previously unrecognised temporary differences	387	5,522
Non-deductible / assessable items		
Share based payments expense	(732)	(452)
Research and development	423	1,084
Other non-deductible items	(1,509)	(1,942)
Recoupment of prior year losses	1,435	2,906
Tax losses and temporary differences not brought to account	(4,223)	(3,693)
Under provision for income tax in prior year	(344)	(153)
Aggregate income tax benefit	18	3,398

¹Current tax relates to tax charges across the profitable subsidiaries within the Aconex Group.

²The origination of timing differences predominately relate to the unwind of the deferred tax liability on acquired intangible assets.

³Recognition of previously unrecognised differences relates to recognition of previously unrecognised tax losses.

Note 11: Income tax (continued)

Taxation – key judgement

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.

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 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. The Group 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 Group's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised other than outlined in this note.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2017 \$000	2016 \$000
Temporary differences	5,609	5,365
Tax losses	21,272	20,120
Research and development tax credits	18,734	16,624

The deferred tax assets not recognised in the statement of financial position may be used in future years if the following criteria are met:

- Aconex's controlled entities have sufficient future taxable profit to enable the income tax losses, research and development tax credits and temporary differences to be offset against that taxable profit;
- Aconex continue to satisfy the conditions required by tax legislation to be able to use the tax losses; and
- there are no future changes in tax legislation that will adversely affect the Group in using the benefit of the tax losses.

As at 30 June 2017 there was no recognised deferred tax liability (2016: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. The Group has determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

Tax losses as at 30 June 2017 are located in a number of different jurisdictions. Realisation of the unrecognised tax losses, temporary differences and offsets is dependent on the future production of sufficient taxable profits in the relevant jurisdictions as well as continued compliance with regulatory requirements for availability.

Note 11: Income tax (continued)

Deferred tax assets

	Consolidated statement of financial position		Consolidated income statement	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
<i>Net deferred tax assets comprise:</i>				
s40-880 deductions	4,826	7,504	(2,678)	6,369
Carried forward losses	7,800	3,814	3,985	3,790
Provisions, accruals and other sundry items	3,491	3,108	438	2,160
Intangible assets	(9,282)	(9,915)	616	(3,645)
Unrealised foreign exchange gain	(2,960)	(3,183)	223	(3,183)
Net deferred tax assets	3,875	1,328	2,584	5,491
<i>Reflected in the statement of financial position as follows:</i>				
Deferred tax asset	6,474	7,597		
Deferred tax liability	(2,599)	(6,269)		
	3,875	1,328		
<i>Reconciliation of deferred tax assets, net</i>				
As of 1 July			1,328	996
Credit to income statement			2,584	5,491
Credit to equity			-	1,134
Acquired deferred tax liability			-	(6,251)
Foreign currency translation recognised in other comprehensive income			(37)	(42)
As of 30 June			3,875	1,328

Tax claim contingency

EURL Aconex Maghreb, a wholly owned subsidiary of Aconex (UK) Limited, had ceased operations in Algeria in 2011. EURL Aconex Maghreb is currently in the process of liquidation. EURL Aconex Maghreb has outstanding tax assessments totalling \$1,058,957 (2016: \$1,067,148) in respect of the years of operation. The Company believes the amounts assessed are incorrect and substantially in excess of its tax payable for the relevant years. The Company has recognised a provision in its accounts at 30 June 2017 for \$212,000 (2016: \$213,000) based on the additional amounts required to be paid to lodge a formal dispute to the Algerian tax authority. The Company believes that the probable tax liability would not exceed the provision booked at 30 June 2017. The Company has disputed an earlier years' tax assessment and at the date of this report, has not received a response from the Algerian tax authorities.

Note 11: Income tax (continued)

Taxation – accounting policy

Current tax assets and liabilities for the current period 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.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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;
- 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;
- 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 all or part of 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 relating to items recognised outside the profit or loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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.

Note 12: Business combinations

Net cash outflow of \$1.388m related to business acquisitions; including a Worksite acquisition contingent consideration payment of \$3.183m, net of a purchase price adjustment refund on Conject acquisition of \$1.795m.

Contingent consideration

	<u>\$000</u>
As at 1 July 2015	-
Acquired - Worksite ¹	2,980
Acquired - Conject ²	<u>2,948</u>
As at 30 June 2016	5,928
Paid ¹	(3,183)
Acquired - Worksite ¹	203
Foreign exchange translation	<u>(43)</u>
As at 30 June 2017²	<u>2,905</u>

	<u>2017</u>	<u>2016</u>
	<u>\$000</u>	<u>\$000</u>
CURRENT	2,905	2,980
NON CURRENT	-	2,948
TOTAL	<u>2,905</u>	<u>5,928</u>

¹In accordance with the terms of the Worksite acquisition, final payment of \$3.183m was paid on 25 July 2016 (2016: \$2.980m) following retention of key employees with the Company.

²As part of the purchase agreement, an amount of contingent consideration has been agreed. Contingent consideration is payable based on achievement of certain events and milestones over the 18-month period from acquisition date. As at 30 June 2017 and acquisition date, the fair value of the contingent consideration is estimated to be \$2.905m (2016: \$2.948m). The fair value of the contingent consideration is based on level 3 inputs.

Acquisition of Conject Holding GmbH

On 31 March 2016, Aconex Limited acquired 100% of the voting shares of Conject Holding GMBH (Conject) for a total cash consideration of \$99.557m. On 28 September 2016 and in accordance with the terms of the Conject acquisition, the Company received \$1.795m relating to a purchase price adjustment on Conject's working capital.

Total consideration for the acquisition is as follows:

Upfront cash consideration	98,404
Purchase price adjustment	(1,795)
Estimated contingent consideration payable at acquisition	<u>2,948</u>
Total consideration	<u>99,557</u>

Note 12: Business combinations (continued)

Acquisition of Conject Holding GmbH (continued)

The final fair values of the identifiable assets and liabilities of Conject as at the date of the acquisition were:

	Fair Value recognised on acquisition \$'000
Assets	
Cash including restricted cash	3,451
Trade receivables, net	4,457
Other assets	1,530
Property, plant and equipment	258
Intangible assets: software	6,974
Intangible assets: customer contracts, brand names and relationships	9,579
	<u>26,249</u>
Liabilities	
Trade and other payables	(7,496)
Provisions	(2,315)
Deferred revenue	(8,406)
Loans	(950)
Deferred tax liability	(4,478)
	<u>(23,645)</u>
Total identifiable net assets at fair value	<u>2,604</u>
Goodwill arising on acquisition	<u>96,953</u>
Purchase consideration transferred	<u>99,557</u>

Total identifiable net assets at fair value as at date of acquisition has increased from \$1.869m (as disclosed in 30 June 2016 Annual Report) to \$2.604m due to a decrease of \$1.569m in deferred revenue and increase of \$0.834m in provisions (net increase of \$0.735m).

Transaction cost incurred on the business acquisition

For the Conject acquisition, \$8.106m of acquisition and integration costs have been recognised for the year ended 30 June 2017 (2016: \$4.087m relates to Conject, CIMIC and Worksite).

Note 12: Business combinations (continued)

Business combinations and goodwill accounting policy

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, the Group 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 administrative expenses.

When the Group 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 profit or loss.

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 either in either profit or loss or as a change to other comprehensive income. 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 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.

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 the Group'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.

Note 13: Share based payments

Employee Share Option Plan

The Group has an ownership based compensation scheme for executives and senior employees (**ESOP**). The ESOP was replaced with the Long Term Incentive Plan from September 2015.

Long Term Incentive Plan

The Group has an Equity Incentive Plan for executives and senior employees (**Long Term Incentive Plan** or **LTI Plan**). The LTI Plan replaced the ESOP from September 2015.

The LTI plan generally consists of restricted shares and restricted share options, known collectively as **LTI Awards**. From time to time share options and shares may be issued to staff under certain circumstances (e.g. sign on bonuses, paid in equity).

Restricted shares represent an Aconex ordinary share that is subject to service and performance conditions outlined below. Restricted share options represent the right to acquire an ordinary share in Aconex at a pre-determined exercise price. Share options are subject to the service and performance conditions outlined below. The exercise price on the share options is generally the closing price on the date of Board approval for the granting of the LTI Awards. Where the issuance of restricted shares has adverse tax or legal implications, the executives and employees will receive restricted share options.

Vesting of the LTI Awards are subject to:

- (i) the employee being continuously employed by Aconex for the 3 year period from the vesting period commencement date; and
- (ii) if Aconex's relative Total Shareholder Return (**TSR**) performance is both positive and equal to or greater than the median performance of the S&P/ASX300 Index, in accordance with the following table:

Relative TSR ranking against S&P/ASX300 Index	% of restricted shares and restricted share options that will vest
Below 50 th percentile	Nil
At 50 th percentile	65%
> 50 th percentile / < 75 th percentile	Straight-line between 65% and 100%
At or above 75 th percentile	100%

Fair value of LTI awards

The fair value of the restricted LTI Awards is estimated at the date of grant using a monte-carlo simulation method, taking into account the terms and conditions upon which the LTI Awards were granted. The restricted share options can be exercised for up to a maximum term of two years from vesting date and hence the contractual term of each restricted option is five years.

The fair value of unrestricted options granted is estimated at the date of grant using a black-scholes option pricing model, taking into account the terms and conditions upon which the share options were granted.

Note 13: Share based payments (continued)

Share option movements

	ESOP		LTI Plan		Total	
	Number of Options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)	Number of options	Weighted average exercise price (\$)
Options outstanding as at 30 June 2015	14,033,309	1.20	-	-	14,033,309	1.20
Granted	207,001	3.63	2,324,030	4.29	2,531,031	3.93
Exercised ¹	(4,594,411)	1.12	-	-	(4,594,411)	1.12
Forfeited	(172,604)	1.28	(119,730)	4.30	(292,334)	2.18
Expired or lapsed	(20,000)	0.95	-	-	(20,000)	0.95
Options outstanding as at 30 June 2016	9,453,295	1.32	2,204,300	4.29	11,657,595	1.88
Granted	-	-	2,061,047	6.04	2,061,047	6.04
Exercised ¹	(3,526,193)	1.18	-	-	(3,526,193)	1.18
Forfeited	(350,472)	1.73	(324,516)	4.70	(674,988)	3.16
Options outstanding as at 30 June 2017	5,576,630	1.38	3,940,831	5.17	9,517,461	2.95
Options vested but not expired at 30 June 2017	4,744,140	1.37	-	-	4,744,140	1.37
Options vested but not expired at 30 June 2016	7,558,689	1.17	-	-	7,558,689	1.17

¹The weighted average share price at the date of exercise of these options was \$5.66 (2016: \$4.96).

Note 13: Share based payments (continued)

Share based payments expense valuation inputs

The following table lists the inputs to the models used for the valuation of the options granted under the ESOP and LTI Plan for the years ended 30 June 2017 and 30 June 2016.

	2017		2016		
	LTI Plan –Options	LTI Plan –Shares	ESOP	LTI Plan –Options	LTI Plan –Shares
Expected life on options:	4 years	N/A	2.5 – 5 years	4 years	N/A
Underlying share price:	\$3.92 - \$8.07	\$3.92 - \$8.07	\$3.48 - \$3.98	\$4.15 - \$8.07	\$4.15 - \$8.07
Exercise price on options:	\$3.71 - \$6.58	N/A	\$3.45 - \$3.98	\$3.98 - \$5.69	N/A
Expected share price volatility:	34% - 40%	N/A	32%	32% - 34%	N/A
Risk-free interest rate:	1.55% - 2.24%	1.55% - 2.24%	1.90% - 2.30%	1.55% - 2.23%	1.55% - 2.23%
Model used	Monte-Carlo/ Black-Scholes	Monte-Carlo	Black-Scholes	Monte-Carlo	Monte-Carlo
Weighted average fair value	\$2.08	\$4.84	\$0.83	\$1.50	\$3.91

The weighted average remaining contractual life of options outstanding at year end was 2.67 years (2016: 3 years).

The range of exercise prices for options outstanding at the end of the year was \$0.95 to \$6.58 (2016: \$0.95 to \$5.69).

Expected share price volatility has been based on comparable companies' volatility due to the lack of historical trading volumes in the Company's ordinary shares.

Share based payments expense booked in the statement of comprehensive income

The expense recognised for employee services received during the year is shown in the following table:

	2017 \$000	2016 \$000
Expense arising from share-based payment transactions	2,441	1,506
Total expense arising from share-based payment transactions	2,441	1,506

Share-based payment transactions – key estimates

The Group 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, volatility and dividend yield.

Note 13: Share based payments (continued)

Share based payment transactions accounting policy

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 the Group'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 benefits expense.

The fair value of the share awards are estimated at the grant date using a black-scholes and monte-carlo option pricing model respectively, taking into account the terms and conditions upon which the share options were granted.

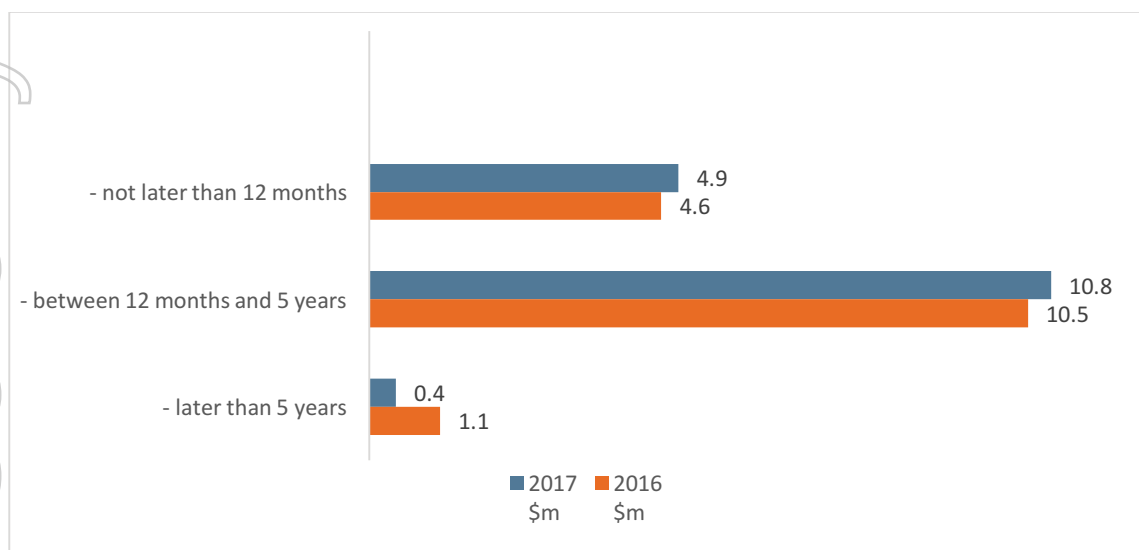
No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that 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.

Note 14: Commitments and contingencies

(a) Operating lease commitments



General description of leasing arrangements

The operating leases relate mainly to office facilities with lease terms of between six 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.

Leases accounting policy

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 and 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 life of the lease term.

(b) Guarantees

Refer to note 4(b) for summary and description of the Group's guarantees as at 30 June 2017 and 30 June 2016 respectively.

Note 15: Auditors' remuneration

The auditor of Aconex Limited is Ernst & Young Australia.

	2017	2016
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit of the IFRS financial report of the entity and other entities in the consolidated group	571,240	519,600
Taxation services	248,653	294,425
Acquisition due diligence services	98,230	113,255
Other assurance services	103,340	140,000
	1,021,463	1,067,280

Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:

An audit or review of the financial report of other entities in the consolidated group	218,311	271,486
Tax compliance	143,217	109,844
Other non-audit services	25,274	10,977
	386,802	392,307
	1,408,265	1,459,587

Amounts received or due and receivable by non-Ernst & Young audit firms for:

Review of the financial report	80,187	83,344
Taxation services	10,122	9,680
Other non-audit services	994	83,933
	91,303	176,957

Note 16: Related party disclosures

Subsidiaries

The consolidated financial statements include the financial statements of Aconex Limited and the subsidiaries listed in the following table.

	Country of incorporation	Percentage owned (%)	
		2017	2016
Aconex (UK) Limited	United Kingdom	100	100
Aconex (Europe) Limited	United Kingdom	100	100
Aconex (HK) Limited	Hong Kong	100	100
Aconex (Asia) Limited	Hong Kong	100	100
Aconex (Global) Limited	Hong Kong	100	100
Aconex (NZ) Limited	New Zealand	100	100
Aconex (Singapore) Pte Ltd	Singapore	100	100
Aconex (Malaysia) SDN. BHD	Malaysia	100	100
Aconex (UAE) LLC*	United Arab Emirates	49	49
Aconex (Shanghai) Limited	China	100	100
Aconex Japan K.K.	Japan	100	100
Aconex (India) Private Ltd	India	100	100
Aconex (North America) Inc	USA	100	100
EURL Aconex Maghreb	Algeria	100	100
Aconex Information Management Iberica, S.L	Spain	100	100
Aconex (Vietnam) Limited	Vietnam	100	100
Aconex (Philippines) Inc	Philippines	100	100
Aconex (Canada) Limited	Canada	100	100
Aconex Limited UK Company Branch	Libya	100	100
Aconex (Asia) Co. Ltd (Saudi Arabia)	Saudi Arabia	100	100
Aconex Muscat LLC*	Oman	70	70
Aconex Chile SpA	Chile	100	100
Aconex Qatar LLC*	Qatar	49	49
Aconex France (branch of Aconex UK)	France	100	100
Conject Holding GmbH	Germany	100	100
Conject AG	Germany	100	100
Aconex Services Limited	United Kingdom	100	100
Conject Services Pte. Limited	Singapore	100	100
BIW Technologies LLC	USA	100	100
OOO Conject	Russia	100	100
Aconex France SAS	France	100	100

*Although the Group owns less than 100% of the voting power of Aconex (UAE) LLC, Aconex Muscat LLC and Aconex Qatar LLC, the Group is able to control the companies by virtue of an agreement with its local partners. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Consequently, the Group consolidates its investment in the companies. The outside shareholders have no access to profits, dividends or other distributions therefore no amount attributable to outside equity interest has been recognised in the statement of comprehensive income or statement of financial position.

Note 16: Related party disclosures (continued)

Subsidiaries (continued)

Basis of consolidation and foreign currency accounting policy

The consolidated financial statements comprise the financial statements of Aconex Limited and its controlled entities as at and for the year ended 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with the Group's accounting policies. All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, are eliminated in full upon consolidation.

A change in ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Foreign currency

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. Each entity in the Group 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 the Group 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 profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss.

Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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 gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit and loss, respectively).

Note 16: Related party disclosures (continued)

Subsidiaries (continued)

Basis of consolidation and foreign currency accounting policy (continued)

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars 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. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Key management personnel as at 30 June 2017

Directors	Title
Leigh Jasper	Chief Executive Officer and Executive Director
Rob Phillpot	Senior Vice President, Product and Engineering and Executive Director
Adam Lewis	Non-executive Chairman
Keith Toh	Non-executive Director
Paul Unruh	Independent Non-executive Director
Simon Yencken	Independent Non-executive Director
Rosemary Hartnett	Independent Non-executive Director
Executives	Title
Paul Koppelman	Chief Financial Officer (Appointed 30 January 2017)
Stephen Recht	Chief Financial Officer (Resigned 25 February 2017)
Paul Perrett	Chief Operating Officer

Compensation of key management personnel

	2017 \$	2016 \$
Short-term employee benefits	2,394,643	2,457,728
Long-term employee benefits	39,822	16,490
Post-employment benefits	116,164	128,444
Share-based payment expense	365,997	257,893
Total compensation	2,916,626	2,860,555

Other related parties

The aggregate amounts recognised during the year from transactions with related parties were as follows:

Key management person related parties	Transaction	Transaction value year ended 30 June		Balance outstanding as at 30 June	
		2017 \$	2016 \$	2017 \$	2016 \$
Rob Phillpot					
Melbourne Office Furniture	Office furniture	86,421	71,551	-	6,710

Aconex purchased office furniture and equipment for its Melbourne office from Melbourne Office Furniture, a company partly owned by Rob Phillpot and for which Rob Phillpot is a director. Rates charged are based on normal market rates for such goods and services and are due and payable under standard payment terms.

Note 17: Other

Parent entity information

Information relating to Aconex Limited:

	2017 \$000	2016 \$000
Current assets	30,592	51,014
Total assets	196,945	211,999
Current liabilities	32,958	35,168
Total liabilities	42,053	50,053
Issued capital	203,564	197,815
Other contributed equity	62,429	62,429
Accumulated losses	(114,226)	(100,727)
Share option reserve	7,338	4,896
Treasury reserve	(4,213)	(2,467)
Total shareholders' equity	154,892	161,946
(Loss) / profit of the parent entity	(13,499)	8,725
<i>Other comprehensive income</i>		-
Total comprehensive profit of the parent entity	(13,499)	8,725
Details of any guarantees entered into by the parent entity in relation to the debts of its subsidiaries	-	-
Details of any contingent liabilities of the parent entity	-	-
Details of any contractual commitments by the parent entity for the acquisition of property, plant or equipment	-	-

Note 17: Other (continued)

Changes in accounting policies, accounting standards and interpretations

Changes in accounting policy and disclosures

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016. The following standards have been identified as those which impact the entity in the current reporting period. There is no significant impact to the group on adoption of these standards.

Title	Summary	Application date for the Group
AASB 1057 Application of Australian Accounting Standards	This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same.	1 Jul 2016
AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	1 Jul 2016
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.	1 Jul 2016
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are: AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 7 Financial Instruments: Disclosures, AASB 119 Employee Benefits, AASB 134 Interim Financial Reporting.	1 Jul 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements	1 Jul 2016

Note 17: Other (continued)

Summary of significant accounting policies

Accounting Standards and Interpretations issued but not yet effective

Title	Summary	Application date of the Standard	Impact on group financial report	Application date for group
AASB 15 Revenue from Contracts with Customers	The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.	1 Jan 2018	The Group is currently assessing the impact of the amendment on the financial position or financial performance of the Group. The initial assessment has confirmed there will be limited impact on the current treatment and recognition of revenues. The group will need to alter its treatment of commissions expense to align to the recognition of contract revenues. Commission cost will be deferred and capitalised on the balance sheet and released over the contract term, a change from the current upfront expense treatment of commission costs.	1 Jul 2018
AASB 9 Financial Instruments	AASB 9 (December 2014) is a new standard, which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.	1 Jan 2018	The Group does not expect a material impact on financial position or performance of the Group, however are still undertaking an assessment of the full impact of the amendment on the financial position or financial performance of the Group.	1 Jul 2018
IFRS 2 (Amendments) Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	This standard amends to IFRS 2 <i>Share-based Payment</i> , clarifying how to account for certain types of share-based payment transactions.	1 Jan 2018	The Group does not expect a material impact on financial position or performance of the Group.	1 Jul 2018
AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2016 Cycle and Other Amendments	The amendments clarify certain requirements in: ► AASB 1 First-time Adoption of Australian Accounting Standards – deletion of exemptions for first-time adopters and addition of an exemption arising from AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration ► AASB 12 Disclosure of Interests in Other Entities – clarification of scope ► AASB 128 Investments in Associates and Joint Ventures – measuring an associate or joint venture at fair value ► AASB 140 Investment Property – change in use.	1 Jan 2018	The Group does not expect a material impact on financial position or performance of the Group.	1 Jul 2018

Note 17: Other (continued)

Summary of significant accounting policies (continued)

Accounting Standards and Interpretations issued but not yet effective

Title	Summary	Application date of the Standard	Impact on group financial report	Application date for group
AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration	The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or nonmonetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.	1 Jan 2018	The Group does not expect a material impact on financial position or performance of the Group, however are still undertaking an assessment of the full impact of the interpretation on the financial position or financial performance of the Group.	1 Jul 2018
AASB 16 Leases	AASB 16 supersedes: (a) AASB 117 Leases, (b) Interpretation 4 Determining whether an Arrangement contains a Lease, (c) SIC-15 Operating Leases—Incentives, (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 Jan 2019	The Group is yet to undertake a full assessment of the impact of the change of the accounting policy on the financial position or financial performance of the Group.	1 Jul 2019
IFRIC 23 Uncertainty over income tax treatments	The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: (a) Whether an entity considers uncertain tax treatments separately (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates (d) how an entity considers changes in facts and circumstances.	1 Jan 2019	The Group is yet to undertake a full assessment of the impact of the interpretation on the financial position or financial performance of the Group.	1 Jul 2019

Note 17: Other (continued)

Summary of significant accounting policies (continued)

Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. In accordance with AASB 107 Statement of Cash Flows, Aconex previously presented the consolidated statement of cash flows using the indirect method. The consolidated statement of cash flows is now presented using the direct method and a reconciliation of cash flows arising from operating activities to profit and loss disclosed in note 4 to provide users of the financial statements with both methods. The comparative figures in the sales and marketing expense have been amended to present employee sales commissions as employee benefits as opposed to other costs to better reflect the nature of the costs incurred. The impact on the 30 June 2016 Annual Report is noted below.

For the year ended 30 June 2016, \$7.499m of other costs were reclassified to employee benefit expense as a result of the reclassification of employee sales commissions.

	2016 \$000	2015 \$000
<i>Sales and marketing (disclosure in the 30 June 2016 Annual Report)</i>		
Employee benefit expense	28,452	21,856
Other costs	17,694	14,163
	<u>46,146</u>	<u>36,019</u>
<i>Sales and marketing (amended)</i>		
Employee benefit expense	35,951	27,792
Other costs	10,195	8,227
	<u>46,146</u>	<u>36,019</u>

Current versus non-current classification accounting policy

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the Group's normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.

A liability is current when:

- Expected to be settled in the Group's normal operating cycle
- Held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Other taxes accounting policy

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Aconex Limited, we state that in the opinion of the directors

- a) The financial statements and notes of Aconex Limited for the financial year ended 30 June 2017 are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2017 and performance; and
 - ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*
- b) The financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1.
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Mr Adam Lewis
Chairman



Mr Leigh Jasper
Chief Executive Officer

Dated 22 August 2017

Independent Auditor's Report to the Members of Aconex Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Aconex Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Finalisation of the acquisition of Conject Holdings GmbH

Why significant	How our audit addressed the key audit matter
During the 2016 financial year, the Group acquired Conject Holdings GmbH. Although the acquisition was made in 2016, the finalisation of the acquisition accounting was performed during the 2017 financial year, as permitted by Australian Accounting Standards. The accounting for this business combination resulted in the recognition of identifiable intangibles of \$16.6m, goodwill of \$97.0m and contingent consideration of \$2.9m. Based on the quantitative materiality of the acquisition and the significant degree of judgment required in determining the final purchase price allocation, including the measurement of the contingent consideration, we have determined this to be a key audit matter. Detail around the acquisitions and associated contingent consideration is included in Note 12 to the financial report.	In obtaining sufficient audit evidence to assess the finalisation of the purchase price allocation and contingent consideration, we: - Examined the share purchase agreement. - Examined the Group's assessment of the identification and valuation of the intangible assets acquired as part of the business combination. We considered whether there were any other identifiable assets acquired by using our knowledge of the industry and assessing the terms of the acquisition. - Examined evidence for the changes between the provisional and final fair value assessment of the assets and liabilities at the date of acquisition. - Assessed the competence, capabilities and objectivity of the external expert engaged by the Group to assist with the purchase price allocation. - Benchmarked key assumptions such as growth rates, attrition rates, EBIT margin, remaining useful life, royalty rate and discount rates as well as the valuation methodology used by the Group to the independent views of EY and external market data, which involved the input of our valuation specialists. - Assessed the agreement options and the Group's determination of the fair value for the contingent consideration. - Assessed the adequacy of the Group's disclosures in the financial report in respect of acquisitions, including the contingent consideration and the estimates relevant in calculating this balance.

Recoverability assessment of indefinite life assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2017 the Group held \$100.3m in goodwill. As detailed in Note 9 to the financial report, the goodwill is tested by the Group for impairment annually. The recoverable amount has been determined based on a value in use model referencing discounted cash flows for Australia and Europe Africa (EA), each as a separate cash generating unit (CGU). This model contains estimates and significant judgments regarding future projections which are critical to the assessment of impairment.	In obtaining sufficient audit evidence on the valuation of goodwill, utilising our valuation specialists, we: ▶ Assessed the application of the valuation methodologies applied. ▶ Assessed the key inputs and assumptions including board approved cash flows, discount rates and growth rates adopted in the valuation. ▶ Evaluated the determination of CGUs in accordance with Australian Accounting Standard - AASB 136 <i>Impairment of assets</i>. ▶ Compared the cash flows used in the valuation to the actual and budgeted financial performance of the underlying CGUs. We considered the historical reliability of the Group's cash flow forecasting process. ▶ Performed sensitivity analysis around the key assumptions to determine whether any reasonably possible changes would result in an impairment charge. ▶ Compared earnings multiples derived from the Group's value in use model to those observable from external market data of comparable listed entities, where available. ▶ Benchmarked key assumptions used by the Group to the independent views of EY and external market data ▶ Assessed the adequacy of the disclosures made in the financial report.

Revenue recognition

Why significant	How our audit addressed the key audit matter
Given the number of jurisdictions, the industries in which the Group operates and the nature of the long-term contracts, there are variations in contracts for revenue. The recognition of revenue is a significant audit area of focus. For disclosure relating to revenue recognition, refer to note 2(c) to the Financial Report.	In obtaining sufficient audit evidence over revenue, we: ▶ We assessed and tested the design and operating effectiveness of relevant controls over the capture and assessment of the timing of revenue recognition. ▶ Tested a sample of new contracts to assess the key terms and whether revenue was recognised in the correct period in accordance with Australian Accounting Standard - AASB 118 <i>Revenue</i>. ▶ Performed roll forward testing on a sample of contracts entered into in previous periods to evaluate whether the revenue profiles of these contracts remained consistent with prior years, and that any variances were supported by an approved variation order. ▶ Performed analytics over revenue within the Group to confirm the flow of transactions between accounts receivable/deferred revenue, revenue and cash. We obtained support for significant transactions. ▶ Tested a sample of contract variations of agreements to assess whether varied terms were appropriately identified and accounted for by the Group.

Capitalisation of intangible assets

Why significant	How our audit addressed the key audit matter
The carrying value of all capitalised development projects was \$20.7m at 30 June 2017 which included \$14.9m of additions from internally generated software. The quantum of these balances, the level of additions, and the judgments made when performing the assessment of which costs of a project are able to be capitalised have resulted in this being a significant audit focus. For disclosure relating to capitalised development costs, refer to note 9 to the financial report.	In obtaining sufficient audit evidence over the capitalisation of intangible assets, we: ▶ Tested a sample of the additions capitalised in the period to assess whether the capitalisation was in accordance with the requirements of Australian Accounting Standard - AASB 138 <i>Intangible Assets</i>. ▶ Tested the underlying evidence of a sample of projects including labour hours attributed to the project. ▶ Evaluated the Group's recoverability assessment as to whether completed development projects and development projects in-progress are expected to deliver future economic benefits to the Group upon their completion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2017 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

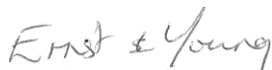
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 35 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Aconex Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



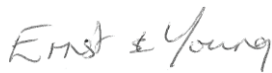
David McGregor
Partner
Melbourne, Australia
22 August 2017

Auditor's independence declaration to the Directors of Aconex Limited

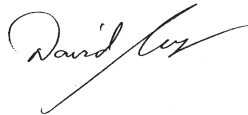
As lead auditor for the audit of Aconex Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Aconex Limited and the entities it controlled during the financial year.



Ernst & Young



David McGregor
Partner
Melbourne
22 August 2017

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Listing Rules and not shown elsewhere in this report is as follows. The information is current as at 31 July 2017.

Distribution of equity shares

Ordinary share capital

199,165,099 fully paid ordinary shares are held by 9,619 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

Options

9,272,567 options are held by 241 individual plan holders. Options do not carry a right to vote.

The number of shareholders, by size of holding, in each class are:

	Fully Paid Ordinary Shares	Options
1-1,000	3,194	10
1,001-5,000	4,377	84
5,001-10,000	1,118	41
10,001-100,000	829	85
>100,001	101	21

Twenty largest holders of quoted equity securities

Holder Name	Number	%
J P MORGAN NOMINEES AUSTRALIA LIMITED	42,677,593	21.4%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,130,716	9.1%
MR ROBERT WILLIAM PHILLPOT	10,582,434	5.3%
NATIONAL NOMINEES LIMITED	8,867,544	4.5%
CITICORP NOMINEES PTY LIMITED	7,553,213	3.8%
LANDRIZA HOLDINGS PTY LTD <LANDRIZA FAMILY A/C>	7,401,605	3.7%
MRS ANDREA ELIZABETH JASPER	3,707,273	1.9%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	3,611,525	1.8%
RADIATA INVESTMENTS PTY LTD <RUDIE SYPKES FAMILY A/C>	3,464,755	1.7%
MR CHARLES SITCH	3,000,000	1.5%
SOLIUM NOMINEES (AUSTRALIA) PTY LTD <VSA A/C>	2,731,593	1.4%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,117,213	1.1%
JASPER NOMINEES PTY LTD <K S JASPER FAMILY FUND A/C>	2,012,048	1.0%
BNP PARIBAS NOMS PTY LTD <DRP>	1,916,342	0.96%
FLEWIS HOLDINGS PTY LTD <THE LEWIS FAMILY TRUST A/C>	1,909,285	0.96%
MUTUAL TRUST PTY LTD	1,768,816	0.89%
UBS NOMINEES PTY LTD	1,673,490	0.84%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,660,036	0.83%
RYE HOLDINGS PTY LTD	1,601,602	0.80%
MR HUGH TREVENEN JOHNSTON	1,341,327	0.67%
Total Securities of Top 20 Holdings	127,728,410	64.1%

On market share purchases for employee share purchase plan

During the year Aconex Limited purchased 37,153 shares at the average price of \$4.68 per share for the purpose of satisfying the entitlement of employee share purchase plan.

CORPORATE INFORMATION

The registered office of the company is

Aconex Limited
96 Flinders Street
Melbourne Victoria 3000
Australia
+61 3 9240 0200

The principal place of business is

Aconex Limited
96 Flinders Street
Melbourne Victoria 3000
Australia

Auditors

Ernst & Young
8 Exhibition Street
Melbourne Victoria 3000
Australia

Share Registry

Boardroom Limited
Level 7
207 Kent Street
Sydney New South Wales 2000
Australia

Stock exchange listing

Aconex Limited shares are listed on the
Australian Securities Exchange
(Ticker: ACX)

Website

www.aconex.com

About Aconex

Limited Aconex provides the #1 cloud and mobile collaboration platform for the global construction industry. This platform connects owners, contractors and their project teams in the construction, infrastructure, and energy and resources sectors, providing project-wide visibility and control between the many different organizations collaborating across their projects.

With more than 70,000 user organizations and over \$1 trillion of project value delivered in more than 70 countries, Aconex is the industry's most widely adopted and trusted platform. Founded in 2000, Aconex has 47 offices in 23 countries around the world. The company's ordinary shares are traded on the Australian Securities Exchange (ASX) under the ticker code ACX and are included in the S&P/ASX 200 Index.

[aconex.com](https://www.aconex.com)