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Appendix 4D
For the half-year ended 31 December 2016

Aconex Limited
ABN 49 091 376 091

RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the half-year ended 31 December 2016

	31 December 2016 $000's	31 December 2015 $000's		Change $000's	Change %
Revenue from ordinary activities	77,032	55,669	Up	21,363	38%
EBITDA from core operations*	7,411	6,795	Up	616	9%
EBIT from core operations*	3,143	4,515	Down	(1,372)	(30%)
Net profit after tax from core operations*	3,398	5,422	Down	(2,024)	(37%)
(Loss)/profit from ordinary activities after tax attributable to members	(3,528)	4,552	Down	(8,080)	(178%)
(Loss)/profit attributable to members	(3,528)	4,552	Down	(8,080)	(178%)

* 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 on page 7.

Dividend information

Aconex Limited has not paid, and does not propose to pay dividends, for the six months ended 31 December 2016 (2015: nil).

Net tangible asset information

	31 December 2016 (cents)	31 December 2015 (cents)
Net tangible assets per security	(0.20)	(0.32)

The commentary on the results for the period is contained in the Aconex ASX announcement on the half-year financial results, the webcast presentation to investors and analysts and the review of operations in the Directors' Report accompanying the attached half-year financial report for the six months ended 31 December 2016. Information should be read in conjunction with Aconex Limited's 2016 Annual Report and the attached half-year financial report.

This consolidated half-year financial report for the six months ended 31 December 2016 has been reviewed by Ernst & Young. The Independent Auditor's Review Report is included in this report on page 24.

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Aconex Limited
ABN 49 091 376 091
Half-year Financial Report
for the six months ended 31 December 2016

Contents to half-year financial report

Directors' Report

Your directors submit their report for the half-year ended 31 December 2016.

Directors

The names of the directors in office at any time during the financial period or since the end of the financial year and until the date of this report are:

Adam Lewis (Chairman)
Leigh Jasper (Chief Executive Officer)
Robert Phillpot (Senior Vice President, Product and Engineering)
Simon Yencken
Keith Toh
Paul Unruh
Rosemary Hartnett

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

Company Secretary

Stephen Recht, Anna Gorton and Andrew Metcalfe hold the positions of Company Secretaries of Aconex Limited.

Stephen Recht announced his intention to retire as Chief Financial Officer and Company Secretary on 15 November 2016 and will resign on 28 February 2017.

Operating and financial review

A summary of financial results from core operations for the half-year ended 31 December 2016 is set out below.

	Six months ended 31 Dec 2016 $000's	Six months ended 31 Dec 2015 $000's
Revenue	77,032	55,669
EBITDA from core operations	7,411	6,795
EBIT from core operations	3,143	4,515
Net profit after tax from core operations	3,398	5,422
Net profit after tax	(3,528)	4,552

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:

- 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 before significant items).
- Net operating cash flows from core operations (net operating cash flows adjusted for significant items)

Significant items for the current period and prior corresponding period are business acquisition and integration costs associated with Conject, CIMIC and Worksite; and amortisation expense of intangible assets acquired from the business acquisitions.

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 on page 7.

Net profit / loss

Aconex reported a statutory net loss after tax of $3.528m for the half-year ended 31 December 2016 compared with a net profit after tax of $4.552m in the prior period. The $8.080m reduction in net profit, period over period was due to the following significant non-operating items:

- Acquisition and integration expense of $3.546m associated with the acquisition and integration of the Conject Group ($0.558m expense in prior corresponding period for costs associated with CIMIC and Worksite acquisitions); and
- Amortisation expense of $3.380m relating to amortisation of intangible assets acquired as part of business acquisitions - Worksite, CIMIC and Conject ($0.312m expense in prior corresponding period);

Excluding significant non-operating items, Aconex's net profit before tax was $3.398m, a decrease of $2.024m on prior comparative period's $5.422m net profit before tax. The decrease reflected the following:

- Prior comparative period included an income tax benefit of $0.822m due to the recognition of a portion of Aconex Limited's losses;
- An additional $3.527m investment in product and development expense (excluding amortisation and depreciation expense), taking total investment for the half-year ended 31 December 2016 to $9.190m, from $5.663m in the half-year ended 31 December 2015;
- $1.405m increase in amortisation expense of internally generated software development which is being amortised over three years, increasing from $1.354m to $2.759m; and
- Offset by surrender of lease income, net of associated lease costs and loss on disposal of leasehold improvements associated with former lease, were $0.864m.

Revenues

For the six months ended 31 December 2016, the Company reported a 38% increase in revenues, from $55.669m in 2015 to $77.032m. The increase in revenue was driven by the acquisition of the Conject Group, ongoing business expansion across key customer markets, and continued product releases and enhancements. On a constant currency basis revenue growth was approximately 45%[1]. The Company continued to expand its global market penetration and user network through significant new enterprise agreement wins and continued new project and customer wins across geographic regions and industry sectors, led by major infrastructure developments. Total revenues included Conject revenues of $16.755m. Excluding Conject, Aconex's revenues grew by 8% on prior comparative period which includes international revenue growth of 11%. Excluding Conject, on a constant currency basis total revenue growth was approximately 12% which includes international revenue growth of 18%.

Europe and Africa (EA)

Revenues from the Europe and Africa (EA) region grew 369% (430% constant currency growth), increasing from $4.4m to $20.6m. The EA region's revenues impacted by adverse foreign currency exchange movements due to the depreciation of the GBP and EUR to the Australian dollar. The U.K. business recorded lower than expected sales due to the uncertainty associated with Brexit and its impact on buying decisions, whilst Europe (excluding UK) was in line with expectations. New business flows were also impacted as the U.K sales team rebuilt their opportunity pipeline, selling the Aconex solution rather than the Conject solution. The sales integration is on track with UK and France actively selling Aconex product and the EA region shows a strengthening customer base with retention of Conject customers following acquisition.

[1] Constant currency is calculated by using the weighted average exchange rate for the six months ended 31 December 2015 to translate the revenue for the six months ended 31 December 2016.

ANZ

ANZ performed in line with expectations with revenues of $25.271m, up 6% on prior period, through deepening key account relationships and continued move to enterprise agreements across its portfolio. This followed two strong years of 21% annual compound growth.

Middle East (ME)

ME performed in line with expectations with revenues of $12.217m, up 9% on prior period, (14% constant currency growth), with great success in infrastructure projects, notably Kuwait, Dubai and Bahrain airports.

Americas

Revenue from the Americas region increased 16% to $11.619m (20% constant currency growth). This result was lower than expected due to the roll-off in mining, oil and gas projects in the Canadian business. The US and Latin American businesses continued to achieve strong growth of 30% and 25% respectively despite slower than anticipated ramp up in user-based contracts and softer than expected sales performance as a result of the U.S. presidential election uncertainty impacting buying decisions. The Company continues to invest in sales and marketing in the US business which has a solid opportunity pipeline and positive feedback on the newly released Connected Cost product.

Asia

Asia performed in line with expectations with revenues of $7.290m, up 18% on prior period (23% on a constant currency basis). Asia demonstrated deepening penetration and adoption following major infrastructure contract wins.

Operating expenditure

Operating expenses, excluding business acquisition and integration expenses and depreciation and amortisation, increased by 42%, from $48.874m to $69.622m, for the six months ended 31 December 2016. The increase reflected the contribution from Conject Group, which the Company acquired in April 2016. Excluding the acquisition of Conject, operating expenses increased by 12%. The increase in expenditure reflected ongoing investment in product, including the release of Connected Cost in November 2016. Originally purchased as part of the Worksite acquisition, Connected Cost has now been integrated into the Aconex platform and the Company has received positive initial feedback from customers. Aconex continued to invest in sales and marketing in key customer markets, particularly the Americas region.

Cash flow

Total cash balances were $43.227m as at 31 December 2016, including $2.881m of restricted cash. Net operating cash flows from core operations increased from $2.938m for the six months ended 31 December 2015 to $5.375m for the six months ended 31 December 2016. Gross cash receipts from customers were $83.783m for the six months ended 31 December 2016, up 51% on the prior corresponding period's gross cash receipts of $55.337m.

A reconciliation of non-IFRS measures with the results reported in the financial statements

	Six months ended 31 Dec 2016 $000's	Six months ended 31 Dec 2015 $000's
Reported EBIT	**(3,783)**	**3,645**
Add: Business acquisition and integration expenses	3,546	558
Add: Amortisation on acquired intangibles	3,380	312
EBIT from core operations	**3,143**	**4,515**
Reported EBIT	**(3,783)**	**3,645**
Add: Depreciation and expense	7,648	2,592
Reported EBITDA	**3,865**	**6,237**
Add: Business acquisition and integration expenses paid	3,546	558
EBITDA from core operations	**7,411**	**6,795**
Reported net (loss) / profit before tax	**(3,528)**	**4,552**
Add: Business acquisition and integration expenses	3,546	558
Add: Amortisation on acquired intangibles	3,380	312
Net profit before tax from core operations	**3,398**	**5,422**
Reported net operating cash flows	**905**	**2,380**
Add: Business acquisition and integration expenses paid	4,470	558
Net operating cash flows from core operations	**5,375**	**2,938**

Rounding

The amounts contained in the directors' report and the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Aconex is an entity to which the legislative instrument applies.

Auditor's independence declaration

Refer to page 8 where we have obtained the independent declaration from our auditors, Ernst & Young.

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

Mr Adam Lewis
Chairman

Mr Leigh Jasper
Chief Executive Officer

Dated 21 February 2017

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Auditor's Independence Declaration to the Directors of Aconex Limited

As lead auditor for the review of Aconex Ltd for the half-year ended 31 December 2016, 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 review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Aconex Ltd and the entities it controlled during the financial period.

Ernst & Young

David McGregor
Partner
21 February 2017

Consolidated statement of comprehensive income

For the half-year ended 31 December 2016

	Notes	31 December 2016 $000	31 December 2015 $000
Revenues		77,032	55,669
Cost of revenues	4	(20,868)	(13,560)
Gross profit		**56,164**	**42,109**
Other income	4	1,095	-
Engineering and product development	4	(13,412)	(7,062)
Sales and marketing	4	(28,322)	(20,889)
General and administrative	4	(19,308)	(10,513)
(Loss) / profit before interest and tax (EBIT)		**(3,783)**	**3,645**
Finance income	5	369	85
(Loss) / profit before income tax		**(3,414)**	**3,730**
Income tax (expense)/benefit	6	(114)	822
(Loss) / profit for the half-year		**(3,528)**	**4,552**
Other comprehensive income			
Exchange differences on translation of foreign operations		(1,578)	(611)
Total comprehensive (loss) / income for the half-year		**(5,106)**	**3,941**
Basic (loss)/earnings per share	11	**($0.02)**	**$0.03**
Diluted (loss)/earnings per share	11	**($0.02)**	**$0.03**

Consolidated statement of financial position

As at 31 December 2016

	Notes	31 December 2016 $000	30 June 2016 $000
Current assets			
Cash and cash equivalents	7	40,346	49,985
Trade and other receivables		27,329	30,908
Income tax receivable		242	179
Other assets		7,834	11,131
Total current assets		**75,751**	**92,203**
Non-current assets			
Restricted cash		2,881	2,522
Plant and equipment	8	9,731	6,085
Intangible assets	9	140,236	141,232
Deferred tax assets		5,944	7,597
Other assets		309	-
Total non-current assets		**159,101**	**157,436**
Total assets		**234,852**	**249,639**
Current liabilities			
Trade and other payables		22,266	27,267
Loans and borrowings		31	32
Contingent consideration	10	2,904	2,980
Income tax payable		1,849	1,830
Provisions		8,304	7,794
Deferred revenue		61,506	62,745
Total current liabilities		**96,860**	**102,648**
Non-current liabilities			
Trade and other payables		556	589
Loans and borrowings		908	933
Contingent consideration		-	2,948
Provisions		2,280	2,109
Deferred revenue		26,675	28,497
Deferred tax liability		3,281	6,269
Total non-current liabilities		**33,700**	**41,345**
Total liabilities		**130,560**	**143,993**
Equity			
Issued capital		201,673	197,815
Other contributed equity		62,429	62,429
Reserves		(2,038)	(354)
Accumulated losses		(157,772)	(154,244)
Total equity		**104,292**	**105,646**
Total liabilities and equity		**234,852**	**249,639**

Consolidated statement of changes in equity

For the half-year ended 31 December 2016

	Issued capital $000	Other contributed equity $000	Share based payment reserve $000	Treasury reserve $000	Foreign currency translation reserve $000	Accumulated losses $000	Total $000
As at 1 July 2015	**60,262**	**62,429**	**3,391**	-	**(4,070)**	**(159,980)**	**(37,968)**
Profit for the period	-	-	-	-	-	4,552	4,552
Exchange differences on translation of foreign operations	-	-	-	-	(611)	-	(611)
Total comprehensive loss	-	-	-	**-**	**(611)**	**4,552**	**3,941**
Exercise of share options	2,579	-	-	-	-	-	2,579
Payment for treasury shares	-	-	-	(67)	-	-	(67)
Share based payments	-	-	698	-	-	-	698
As at 31 December 2015	**62,841**	**62,429**	**4,089**	**(67)**	**(4,681)**	**(155,428)**	**(30,817)**
As at 1 July 2016	**197,815**	**62,429**	**4,897**	**(2,467)**	**(2,784)**	**(154,244)**	**105,646**
Loss for the period	-	-	-	-	-	(3,528)	(3,528)
Exchange differences on translation of foreign operations	-	-	-	-	(1,578)	-	(1,578)
Total comprehensive loss	-	-	-	-	(4,362)	**(3,528)**	**(5,106)**
Transaction costs, net of tax	(6)	-	-	-	-	-	(6)
Exercise of share options	2,602	-	-	-	-	-	2,602
Issue of shares for long term incentive plan[1]	1,262	-	-	(1,262)	-	-	-
Payment for treasury shares	-	-	-	(83)	-	-	(83)
Share based payments	-	-	1,239	-	-	-	1,239
As at 31 December 2016	**201,673**	**62,429**	**6,136**	**(3,812)**	**(4,362)**	**(157,772)**	**104,292**

[1]During the six months ended 31 December 2016, the Company issued new shares which are held by Aconex Employee Share Trust as part of the Company's Long Term Incentive Plan.

Consolidated statement of cash flows

For the half-year ended 31 December 2016

	Notes	31 December 2016 $000	31 December 2015 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		83,783	55,337
Payments to suppliers and employees (inclusive of GST)		(83,202)	(51,933)
Compensation for surrender of lease (inclusive of GST)	4	1,205	-
Interest received		454	129
Finance costs		(9)	-
Income tax paid		(1,326)	(1,153)
Net cash provided by operating activities		**905**	**2,380**
Cash flows from investing activities			
Capitalised internally generated software costs		(7,816)	(3,647)
Acquisition of businesses	10	(3,183)	(9,610)
Purchase price adjustment on Conject acquisition	10	1,795	-
Purchase of plant and equipment		(3,424)	(1,461)
Proceeds on sale of plant and equipment		6	-
Purchase of intangible assets		(35)	(198)
Net cash used in investing activities		**(12,657)**	**(14,916)**
Cash flows from financing activities			
Proceeds from exercise of share options		2,602	2,579
Costs paid for equity raising		(90)	-
Payment for treasury shares		(83)	(67)
Net cash provided by financing activities		**2,429**	**2,512**
Net decrease in cash held		(9,323)	(10,024)
Cash and cash equivalents at beginning of year		49,985	27,653
Net exchange differences		(316)	167
Cash and cash equivalents at end of year		**40,346**	**17,796**
Restricted cash		2,881	1,996
Total cash		**43,227**	**19,792**

Notes to the consolidated financial statements

For the half-year ended 31 December 2016

1. Corporate information

The consolidated financial statements of Aconex Limited and its subsidiaries (collectively, the **Group**) for the half year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 21 February 2017.

Aconex Limited (the **Company** or **Parent**) is a for profit company limited by shares, incorporated and domiciled in Australia.

2. Basis of preparation and changes to the Group's accounting policies

2.1 Basis of preparation

The half-year consolidated financial statements for the six months ended 31 December 2016 have been prepared in accordance with *AASB 134 Interim Financial Reporting*.

The half-year consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2016.

The half-year financial report is presented in Australian dollars, and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

2.2 Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the half-year consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2016, except for the adoption of new standards and interpretations as of 1 July 2016 as disclosed in the 30 June 2016 financial statements and noted below:

- AASB 1057 Application of Australian Accounting Standards
- AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]
- AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The adoption of the above accounting standards has no material impact on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3 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 or loss is disclosed in note 7 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.

Sales and marketing (disclosure in the 30 June 2016 Annual Report)

	2016 $000	**2015 $000**
Employee benefit expense	28,452	21,856
Other costs	17,694	14,163
	46,146	**36,019**

Sales and marketing (amended)

	2016 $000	**2015 $000**
Employee benefit expense	35,951	27,792
Other costs	10,195	8,227
	46,146	**36,019**

For the six months ended 31 December 2015, $3.122m of other costs were reclassified to employee benefit expense as a result of the reclassification of employee sales commissions.

3. Segment Reporting

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):

- Australia and New Zealand (**ANZ**)
- Americas
- Asia
- Europe and Africa (**EA**)
- Middle East (**ME**)

In addition, the Group has a head office function which holds unallocated costs.

For the six months ended 31 December 2016 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 chief operating decision maker. Comparative information has been amended to reflect this change in operating segments.

The following tables present revenue and profit information about the Group's operating segments for the six months ended 31 December 2016 and 2015.

	ANZ $000	Asia $000	Americas $000	EA $000	ME $000	Head Office $000	Global $000
Six months ended 31 December 2016							
Revenue							
Revenue - services	25,271	7,290	11,619	20,635	12,217	-	77,032
Cost of revenues	(2,565)	(1,850)	(3,853)	(5,156)	(3,012)	(4,175)	(20,611)
GROSS PROFIT	**22,706**	**5,440**	**7,766**	**15,479**	**9,205**	**(4,175)**	**56,421**
GROSS PROFIT MARGIN	**90%**	**75%**	**67%**	**75%**	**75%**		**73%**
Other income	**-**	**-**	**-**	**-**	**-**	**1,095**	**1,095**
Operating expenses							
Engineering and product development	-	-	-	-	-	(9,190)	(9,190)
Sales and marketing	(4,867)	(3,700)	(5,834)	(6,111)	(3,279)	(4,531)	(28,322)
General administrative	98	(333)	(549)	(1,433)	(596)	(9,780)	(12,593)
TOTAL OPERATING EXPENSES	**(4,769)**	**(4,033)**	**(6,383)**	**(7,544)**	**(3,875)**	**(23,501)**	**(50,105)**
SEGMENT CONTRIBUTION	**17,937**	**1,407**	**1,383**	**7,935**	**5,330**	**(26,581)**	**7,411**
SEGMENT MARGIN	**71%**	**19%**	**12%**	**38%**	**44%**		**10%**
Six months ended 31 December 2015							
Revenue							
Revenue - services	23,877	6,167	10,047	4,396	11,182	-	55,669
Cost of revenues	(2,945)	(1,495)	(2,931)	(670)	(2,341)	(2,956)	(13,338)
GROSS PROFIT	**20,932**	**4,672**	**7,116**	**3,726**	**8,841**	**(2,956)**	**42,331**
GROSS PROFIT MARGIN	**88%**	**76%**	**71%**	**85%**	**79%**		**76%**
Operating expenses							
Engineering and product development	-	-	-	-	-	(5,663)	(5,663)
Sales and marketing	(3,875)	(3,462)	(5,140)	(1,855)	(3,032)	(3,525)	(20,889)
General administrative	(29)	(530)	(505)	(149)	(601)	(7,170)	(8,984)
TOTAL OPERATING EXPENSES	**(3,904)**	**(3,992)**	**(5,645)**	**(2,004)**	**(3,633)**	**(16,358)**	**(35,536)**
SEGMENT CONTRIBUTION	**17,028**	**680**	**1,471**	**1,722**	**5,208**	**(19,314)**	**6,795**
SEGMENT MARGIN	**71%**	**11%**	**15%**	**39%**	**47%**		**12%**

3. Segment Reporting (continued)

Reconciliation of (loss) / profit

	2016 $000	2015 $000
Segment profit	7,411	6,795
Less: acquisition and integration expenses	(3,546)	(558)
Profit before interest, tax, depreciation and amortisation (EBITDA)	**3,865**	**6,237**
Less: depreciation and amortisation	(7,648)	(2,592)
(Loss)/profit before interest and tax (EBIT)	**(3,783)**	**3,645**
Interest and finance income	369	85
(Loss)/profit before income tax	**(3,414)**	**3,730**

Adjustments and eliminations

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.

There was nil inter-segment revenue during the half year-ended 31 December 2016 (2015: nil).

4. Income and expenses

Other income

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 six months ended 31 December 2016 $0.231m of assets have been disposed as part of the surrender of the lease and are included in general and administrative expenses (refer to note 4). 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	13,291	7,595
Other costs	7,320	5,743
	20,611	13,338
Depreciation and amortisation expense	257	222
	20,868	**13,560**

4. Income and expenses (continued)

	2016 $000	2015 $000
Engineering and product development		
Employee benefit expense	5,768	3,727
Other costs	3,422	1,936
	9,190	5,663
Depreciation and amortisation expense[1]	4,222	1,399
	13,412	**7,062**

[1]Includes amortisation of capitalised development costs of $4.156m (2015: $1.354m).

	2016 $000	2015 $000
Sales and marketing		
Employee benefit expense[1]	20,922	15,684
Other costs[2]	7,400	5,205
	28,322	**20,889**

[1]Employee 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 2.3 above for an explanation of this change in comparative information.

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

	2016 $000	2015 $000
General and administrative		
Employee benefit expense	7,403	5,592
Foreign currency (gain)/loss	(40)	213
Loss on disposal of leasehold improvements	231	-
Other costs	4,999	3,179
	12,593	8,984
Acquisition and integration expense	3,546	558
Depreciation and amortisation expense[1]	3,169	971
	19,308	**10,513**

[1]Includes amortisation of customer relationships and brands of $1.983m (2015: $0.312m)

	2016 $000	2015 $000
Depreciation and amortisation expenses		
Amortisation of software development costs – internally developed	2,759	1,354
Amortisation of software development costs – acquired[1]	1,397	-
Amortisation of customer relationships and brands - acquired[1]	1,983	312
Amortisation of software and software licenses	72	32
Depreciation of plant and equipment	1,437	894
	7,648	**2,592**

[1]Total acquired amortisation of intangible assets were $3.380m for the six months ended 31 December 2016 (2015: $0.312m).

5. Interest and finance income / (expenses)

	2016 $000	2015 $000
Interest income	378	85
Interest expense	(9)	-
	369	**85**

6. Income tax

The major components of income tax expense in the interim statement of comprehensive income are:

	2016 $000	2015 $000
Current tax	(1,321)	(1,008)
Under provision in respect of prior years	(1)	(148)
Deferred tax:		
Recognition of previously unrecognised temporary differences	2,209	2,164
Relating to origination and reversal of temporary differences	(1,001)	(186)
Income tax (expense) / benefit in the statement of comprehensive income	**(114)**	**822**

7. Cash and cash equivalents

	31 December 2016 $000	30 June 2016 $000
Cash at bank and on hand	19,346	18,857
Short-term deposits	21,000	31,128
	40,346	**49,985**

Reconciliation of cash flow from operations with net profit after income tax

	2016 $000	2015 $000
Net (loss)/profit	(3,528)	4,552
Adjustments for non-cash flows		
Depreciation and amortisation expense	7,648	2,592
Share based payment expense	1,239	698
Loss on sale of plant and equipment	3	-
Unrealised foreign exchange loss / (gain)	(2)	65
Changes in operating assets and liabilities:		
Increase in restricted cash	(358)	(548)
Decrease/(increase) in receivables	3,476	(4,864)
Decrease/(increase) in current assets	1,098	(1,315)
Increase in deferred tax assets	(1,219)	(207)
Decrease in net tax provisions	(75)	(1,769)
(Decrease)/increase in payables	(5,225)	803
Increase in provisions	586	553
(Decrease)/increase in deferred revenue	(2,738)	1,820
Cash flow from operations	**905**	**2,380**

8. Plant and equipment

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

	Leasehold improvements $000	Furniture, fixtures & fittings $000	Computer equipment $000	Total $000
Period ended 31 December 2016				
Balance at 1 July 2016	2,084	979	3,022	6,085
Additions[1]	2,532	171	2,589	5,292
Disposals	(252)	(7)	(2)	(261)
Exchange differences	34	19	(1)	52
Depreciation expense	(127)	(160)	(1,150)	(1,437)
Balance at 31 December 2016	**4,271**	**1,002**	**4,458**	**9,731**
As at 31 December 2016				
Cost	6,497	2,743	12,770	22,010
Accumulated depreciation	(2,226)	(1,741)	(8,312)	(12,279)
Net carrying amount	**4,271**	**1,002**	**4,458**	**9,731**

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

9. Intangible assets

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Software and software licenses $000	Internally generated software development $000	Software development acquired from acquisitions $000	Brands $000	Customer relationships $000	Goodwill $000	Total $000
Period ended 31 December 2016							
Balance at 1 July 2016	245	12,686	12,870	3,658	10,651	101,122	141,232
Internally developed[1]	-	7,303	-	-	-	-	7,303
Contingent consideration	-	-	203	-	-	-	203
Additions	35	-	-	-	-	-	35
Exchange differences	2	-	(133)	(82)	(114)	(1,999)	(2,326)
Amortisation expense[2]	(72)	(2,759)	(1,397)	(1,018)	(965)	-	(6,211)
Balance at 31 December 2016	**210**	**17,230**	**11,543**	**2,558**	**9,572**	**99,123**	**140,236**
As at 31 December 2016							
Cost	3,565	51,682	13,263	4,092	13,875	99,123	185,600
Accumulated amortisation	(3,355)	(34,452)	(1,720)	(1,534)	(4,303)	-	(45,364)
Net carrying amount	**210**	**17,230**	**11,543**	**2,558**	**9,572**	**99,123**	**140,236**

[1]The difference between additions disclosed in this note and the consolidated statement of cash flows is due to timing of payments.
[2]Total acquired amortisation of intangible assets were $3.380m for the six months ended 31 December 2016 (2015: $0.312m).

9. Intangible assets (continued)

(b) Useful lives of intangible assets

	Development costs	Software & Software licenses	Customer relationships	Brands
Useful lives	Finite 3 years	Finite 1- 3 years	Finite 3-8 years	Finite 2 years

(c) Carrying amount of goodwill allocated to each of the CGUs

	31 December 2016 $000	30 June 2016 $000
EA[1]	96,842	98,841
ANZ	2,281	2,281
	99,123	**101,122**

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

EA CGU and key assumptions used in value in use calculations and sensitivity to changes in assumptions

The recoverable amount of the EA CGU, $116m as at 31 December 2016, has been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering a 5.5 year period. The calculation of value in use for the EA CGU is most sensitive to the following assumptions:

- Revenue growth
- Operating expenditure and contribution margin
- Discount rate

Revenue growth – revenue growth is based on FY17 and FY18 forecast incorporating existing contracts and future bookings. Revenue growth beyond FY18 is based on management's best estimate of revenue growth within the CGU taking into account global construction industry output forecasts. Holding all other variables constant, a 4% reduction on Management's revenue growth over the forecast period would result in a reduction of $20m 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 FY17 is based on the current percentage of revenue. Beyond FY17, operating expenditure as a percentage of revenue is expected to decline with an increasing contribution margin reflective of the expected synergies to be derived from the Conject acquisition. Holding all other variables constant, a 3% reduction on Management's contribution margin during the forecast period would result in a reduction of $20m to the recoverable amount, such that the recoverable amount would equal the carrying amount of the EA business.

Discount rate – the discount rate applied is based on the Company's weighted average cost of capital (WACC), adjusted for any specific risk associated with the respective CGU. The pre-tax discount rate applied to cash flow projections is 15.8%. Holding all other variables constant, a rise in the pre-tax discount rate to 17.9% would result in a reduction of $20m 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.

10. Business combinations

Acquisition of Worksite

In accordance with the terms of the Worksite acquisition, contingent consideration of $3.183m was paid on 25 July 2016 following retention of key employees with the Company.

Acquisition of Conject Holding GmbH

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	2,948
Total consideration	**99,557**

The net assets recognised as at acquisition date remain based on a provisional assessment of their fair value while the Group finalises a valuation of the net assets acquired. The net asset valuation had not been completed by the date the half year financial report for the six months ended 31 December 2016 was approved for issue by the Board of Directors.

Contingent consideration

As 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 31 December 2016 and acquisition date, the fair value of the contingent consideration is estimated to be $2.904m. The fair value of the contingent consideration is based on level 3 inputs.

Transaction costs incurred on business acquisitions

For the Conject, CIMIC and worksite acquisition, $3.546m of acquisition and integration costs have been recognised for the six months ended 31 December 2016 (2015: $0.558m) and have been included in general and administrative expenses.

11. Earnings per share (EPS)

Basic (loss)/profit per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted (loss)/profit per share 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 period and adding 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 (loss)/profit and share data used in the basic and diluted EPS computations:

	31 December 2016 000's	31 December 2015 000's
Weighted average number of ordinary shares for basic EPS	196,756	166,206
Weighted average number of ordinary shares for diluted EPS	196,756	178,066
Net (loss)/profit after tax attributable to ordinary equity holders of the Parent for basic EPS	($3,528)	$4,552
Net (loss)/profit after tax attributable to ordinary equity holders of the Parent for diluted EPS	($3,528)	$4,552
Basic (loss)/profit per share	($0.02)	$0.03
Diluted (loss)/profit per share	($0.02)	$0.03

12. Events after the reporting period

There were no material events that occurred after 31 December 2016.

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 half-year ended 31 December 2016 are prepared in accordance with the *Corporations Act 2001*, including:

   i. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

   ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001; and*

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mr Adam Lewis Chairman	Mr Leigh Jasper Chief Executive Officer

21 February 2017

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To the members of Aconex Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Aconex Limited and its subsidiaries, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Aconex Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Aconex Limited and its subsidiaries is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

David McGregor
Partner
Melbourne
21 February 2017

Corporate Information

The registered office of the company is:	Aconex Limited 96 Flinders Street Melbourne Victoria 3000 Australia
The principal place of business is:	Aconex Limited 96 Flinders Street Melbourne Victoria 3000 Australia
Auditors:	Ernst & Young 8 Exhibition Street Melbourne Victoria
Share Registry:	Boardroom Limited Level 7 207 Kent Street Sydney NSW
Stock exchange listing	Aconex Limited shares are listed on the Australian Stock Exchange (Listing code: ACX)
Website	www.aconex.com