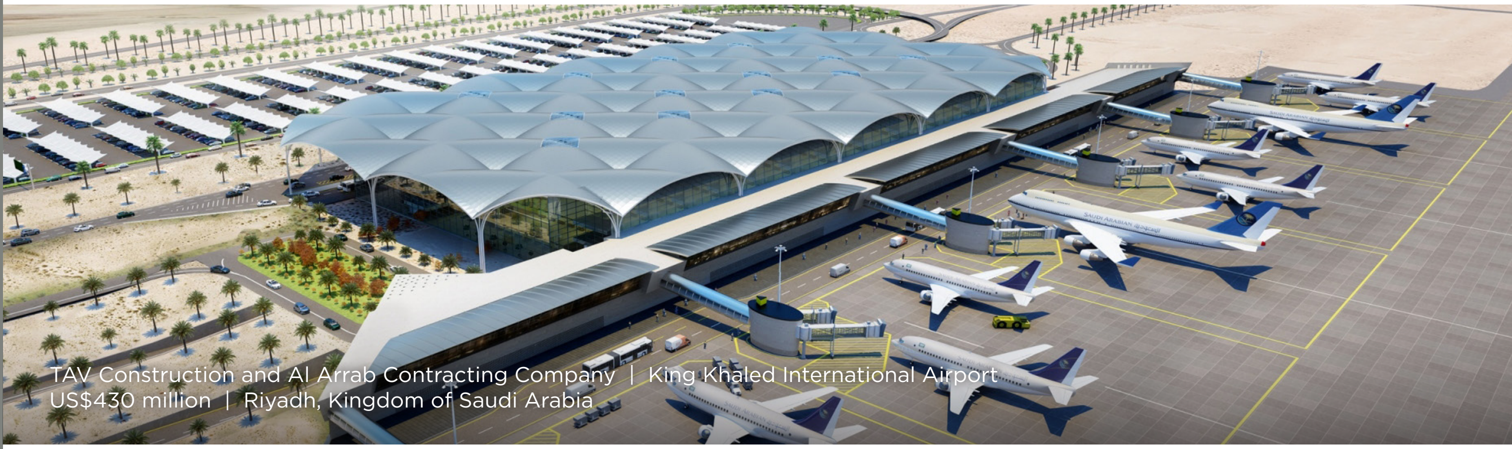
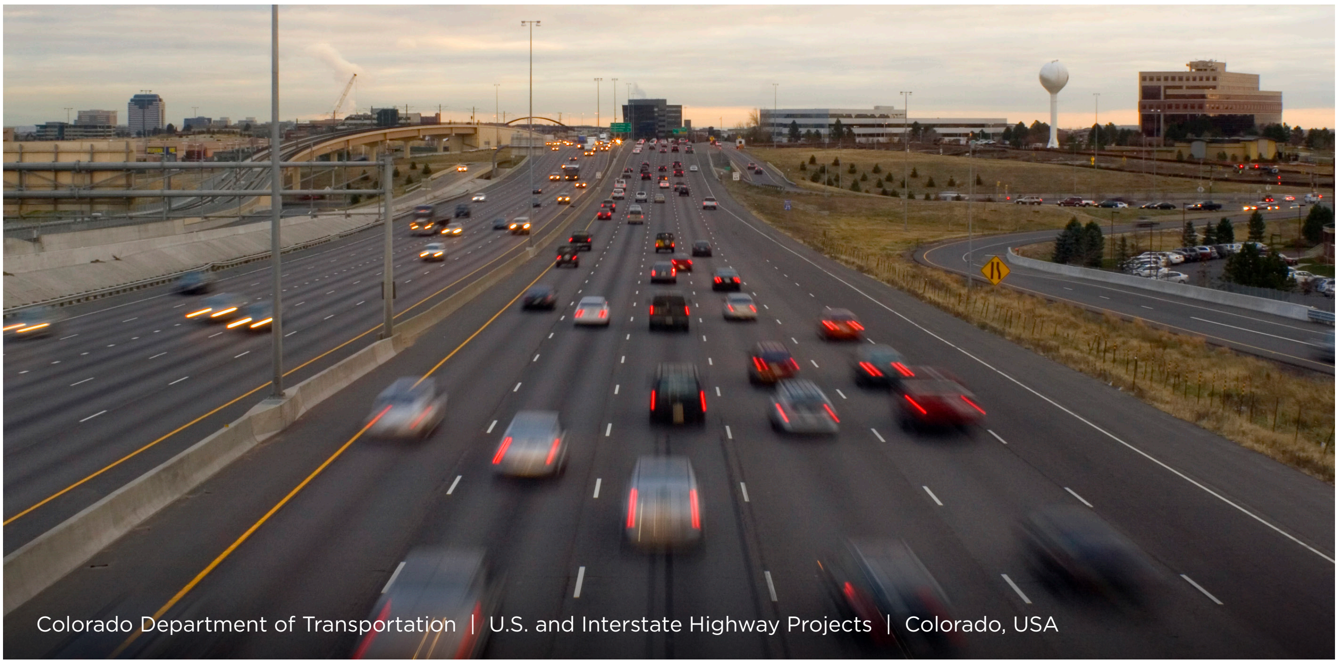
aconex
2016 Annual Report


Norberto Odebrecht Construction | Metro de Panama
US$1.8 billion | Panama City, Panama


Built | 20 Martin Place
A$100 million | Sydney, Australia


TAV Construction and Al Arrab Contracting Company | King Khaled International Airport
US$430 million | Riyadh, Kingdom of Saudi Arabia

Aconex Limited
ABN 49 091 376 091
Annual financial report for the year ended 30 June 2016



Colorado Department of Transportation | U.S. and Interstate Highway Projects | Colorado, USA

Graham North Island Hospitals
US$488 million | Vancouver Island, Canada

Brahmayasa Bahtera | Anandamaya Residences
US$150 million | Jakarta, Indonesia

Hickory Group | 568 Collins Street
A$165 million | Melbourne, Australia

Contents

Drake & Scull International PJSC | Enterprise
Middle East and North Africa

Kunwon Engineering | AmorePacific HQ
$450 million | Seoul, Korea

John Holland | Enterprise | Australia, New Zealand and Southeast Asia

Adam Lewis
Chairman

Chairman's letter

Dear Shareholder

FY 2016 was a year of significant milestones for Aconex. We continued to drive increasing value to shareholders, recorded strong organic growth in revenue and earnings, and saw substantial improvement in both trading volume and liquidity. Just 18 months from our initial public offering, we were added to the S&P / ASX 200 Index.

We have successfully focused on increasing value to our customers through our leadership of digital innovation in construction. The delivery of new products, the deeper penetration of our core platform, and the leverage of data and insights on our platform have driven competitive advantage for our customers. This advantage will generate further benefits for Aconex and our shareholders into the future.

The acquisition of Conject Holding GmbH consolidated our global market leadership position. We expanded our technology and product capabilities through the acquisition of Worksite and our strategic partnership with the CIMIC Group.

To finance the Conject transaction and provide additional working capital, Aconex raised $120 million through a fully underwritten institutional placement of more than 23 million shares at an issue price of $5.20. Following the capital raising, we offered a share purchase plan (SPP) for eligible existing shareholders to purchase additional Aconex shares. The SPP raised another $12 million, largely from retail shareholders, with 2.3 million shares issued at a price of $5.20.

We made measurable progress on our core strategic objectives, enhanced the strength and quality of the board and executive team, and continued to balance our investments in sustainable long-term growth with increasing profitability.

Strategic objectives – focus and impact

The Aconex growth strategy focuses on replicating the highly profitable Australian business model globally by:

- Leveraging industry and collaboration network effects to drive new business from both new and existing customers
- Expanding the breadth of the Aconex platform to drive increasing value for customers and users as well as competitive advantage
- Investing in new and existing markets to drive penetration, balancing revenue growth and profitability.

In FY16, we made significant progress on all of these objectives

- New enterprise agreements with the CIMIC Group, Burns & McDonnell, Fluor, and ExxonMobil, and renewals with several existing enterprise and project customers
- New and deeper product functionality, including cost and schedule management, insights and early warnings, field processes, mobility, building information modeling (BIM), data exchange with enterprise systems, and security.
- Annual growth of 61% in international revenues and 150% in international operating contribution margins, with international regions contributing 60% of total revenue.

Corporate governance – close interaction with management

We continuously seek opportunities to strengthen the quality and effectiveness of our board of directors to achieve the right mix of industry, international business and governance experience.

One of the key activities the board is to work closely with the executive team to balance near-term performance and investment in long-term growth opportunities. Given the large opportunity in front of the business, reinvesting a percentage of revenue and profit to drive penetration and geographic growth is key to our strategy. Realising a return on these investments may take months or years, resulting in a trade-off of profit today for revenue growth tomorrow. The board and executive team spend considerable time formulating and monitoring the execution of these plans to optimise outcomes for shareholders.

For research and development, we prioritise our investment in products that have universal applicability across our customer and user network, as well as products and capabilities requested by customers that we believe have universal applicability.

For sales and marketing, we prioritise our investment in regional markets based on market size and growth, expected return on investment, and the potential for network effects through major customers and projects.

The board then carefully reviews these priorities to balance proposed growth investments among products, markets and infrastructure, as well as geographic and customer coverage. This is the process that resulted in our acquisitions of Conject and Worksite, our strategic partnership with the CIMIC Group, and our increased investments in innovative product capabilities and large, high-growth markets.

Shareholder value – our commitment

Our FY16 results show that as the business scales globally, revenue growth drives earnings growth, which in turn drives shareholder value. We are committed to delivering profitable growth and value for your investment over the long term. On behalf of the board, I want to thank you for your support.

Adam Lewis
Chairman

Leigh Jasper
CEO

CEO's review

In FY 2016, Aconex delivered another year of record growth and continued to extend its position as the global leader in construction collaboration software. Our strong financial and operating performance reflected consistent execution of our growth strategy to expand our user network, increase customer value and drive scale.

Through the year, we continued to invest in product development and our sales and marketing capabilities to drive further penetration of a large, growing and significantly untapped global market. We completed three acquisitions, consolidating our global leadership position and enabling us to provide more value to our customers through our product platform.

Leading digital innovation in construction

The digital transformation of the construction industry continued to accelerate in FY16. Aconex is at the centre of this transformation, connecting people and data to build the world's infrastructure. Through the Aconex platform, our customers have insight and control across every aspect of their project portfolios to achieve cost savings, faster approval cycles and significant process automation to deliver higher quality assets.

In June 2016, Aconex and the state government of Victoria hosted the first annual Construction Technology Summit in Melbourne. This event brought together entrepreneurs of Australian construction technology start-ups and senior executives from the country's leading contractors, developers, asset owners, and consultants. Together we discussed the future of the construction industry and the innovative technologies that will help drive it.

The Summit confirmed our own experience in the market. Construction projects are becoming larger, more ambitious and more complex. Project data volumes are exploding, driven by connected teams and new technologies such as next-generation BIM, digital collaboration and mobility, advanced analytics, and the internet of things (IoT). In addition, data security requirements are becoming increasingly sophisticated to meet rigorous enterprise and government standards.

Strategic acquisitions supporting growth

Aconex completed three acquisitions during the year. As highlighted in our 2015 Annual Report, we acquired Worksite, a cloud-based project controls solution for cost and schedule management. We also acquired INCITE Keystone, a collaboration platform owned and operated by the CIMIC Group.

In the second half, we acquired Conject, a leading cloud and mobile collaboration service provider in Europe and other regions. This transaction, which is expected to be financially accretive in FY17, has consolidated our global leadership position, strengthened our product and intellectual property portfolios, and added more than 200 skilled employees across engineering, sales, support, marketing, and other key functions.

The integration is tracking well. Staff and customers are engaged, and our key operational systems, processes and policies are aligned. The Conject and Aconex cultures are highly complementary, and we look forward to what we can achieve as one company.

Enterprise agreements reinforcing network effects

During the year, we signed enterprise agreements with leading global owners and contractors. These agreements enable us to build strategic, long-term relationships that grow our user network, drive new business and increase our scale.

In late FY15, we signed agreements with leading global contractors Lendlease and John Holland. These contractors had used internal project management systems and decided to adopt Aconex project-wide collaboration for new projects.

Also in late FY15, we signed an enterprise agreement with Bechtel, one of the world's largest engineering, procurement and construction (EPC) firms. In FY16, we continued to make significant progress in the Americas, where we secured enterprise commitments from Fluor Corporation, a top-tier global EPC; ExxonMobil, the world's largest publicly traded oil and gas company; and Burns & McDonnell, a leading U.S. EPC.

New and deeper product functionality

In FY16, we focused our engineering and product teams on critical processes that help our customers deliver successful projects, on time and on budget, and increase our competitive advantage. For example, as a result of the Worksite acquisition, we added a cost management module to the Aconex platform. Aconex Connected Cost helps owners and contractors manage budgets, contracts, month-end processes, and payments in a collaborative environment. The new module was rolled out to selected customers this year in preparation for full commercial availability in FY17. Feedback has been positive, and the inclusion of cost control in our platform has led to new collaboration business.

Investing in our people, culture and systems

In FY16, we continued to invest in the people, culture and systems that support our company. The Aconex culture is unique, and a key element of our ongoing success. We are a truly diverse company, with employees from 61 nationalities working in our 47 offices across the globe. We are proud of our ability to attract and retain great talent and will continue to invest in our people and culture as the company grows.

I want to thank our customers and employees for their ongoing support and contribution to Aconex, and our shareholders for your sustained confidence in our strategy and our ability to execute on it.

Leigh Jasper
Chief Executive Officer

FY16 financial highlights ($ millions)

Total revenue	**123.4**
ANZ	48.8
Americas	21.3
Asia	13.3
EMEA	40.0
Gross profit	**92.1**
Gross margin	75%
Total operating contribution	**56.1**
ANZ	34.5
Americas	2.2
Asia	2.0
EMEA	17.4
EBITDA[1] from core operations	**13.6**
NPAT[1] from core operations	**9.9**
Total cash	**52.5**

[1] Please refer to Page 14 for a full reconciliation of statutory results to EBITDA and NPAT from core operations.

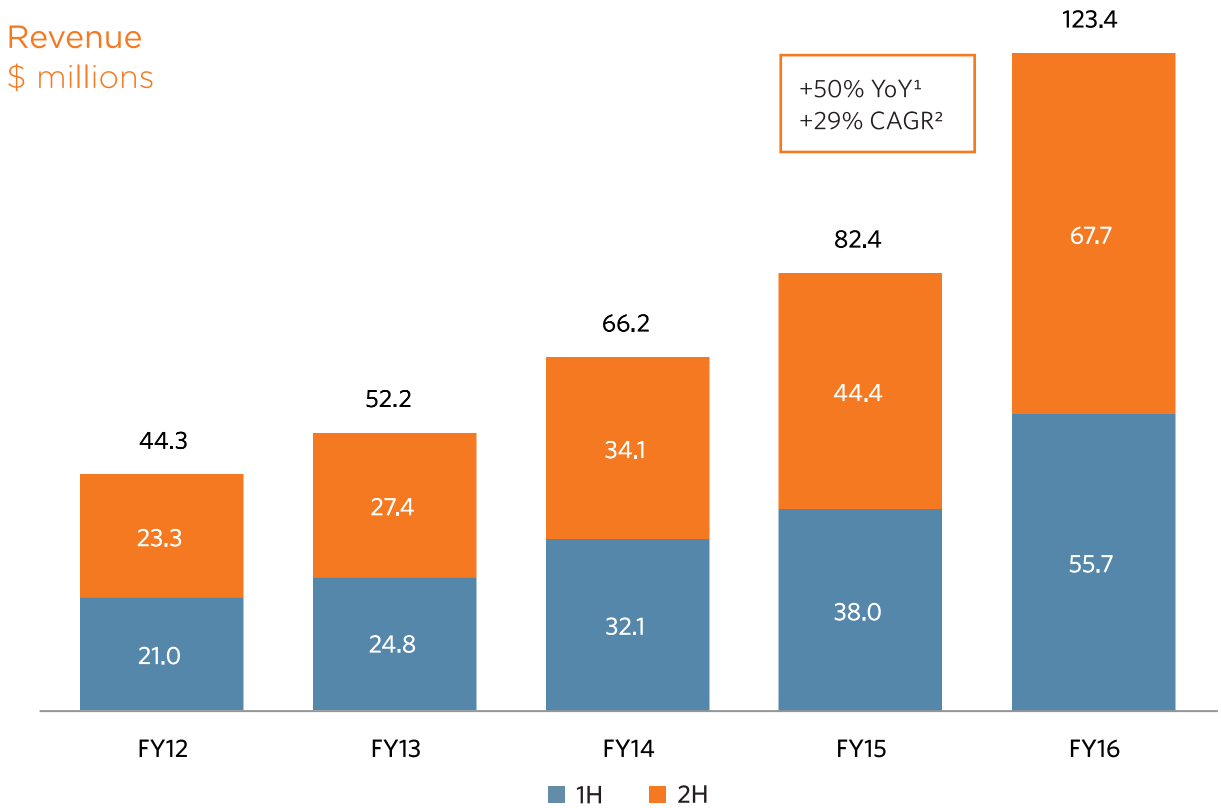
AECOM | Green Line Extension | Boston, Massachusetts, USA

FY16 Aconex business highlights

Date	Highlights
July 2015	Acquisition of Worksite Three-year enterprise agreement with John Holland
August 2015	Share sale facility for escrowed shares Strategic partnership with CIMIC Group and acquisition of INCITE Keystone
September 2015	Election of Rosemary Hartnett to board of directors
December 2015	Three-year enterprise agreement with Burns & McDonnell
March 2016	A$120m capital raising Acquisition of Conject Holding GmbH for A$99.5m ACX added to S&P / ASX 200 Index
April 2016	Share purchase plan Three-year enterprise agreement with Fluor Corporation
June 2016	Appointment of Anna Gorton as general counsel and company secretary
July 2016	Three-year enterprise agreement with ExxonMobil Appointment of Ilona Charles as chief people officer

Burns & McDonnell Engineering | Enterprise | USA

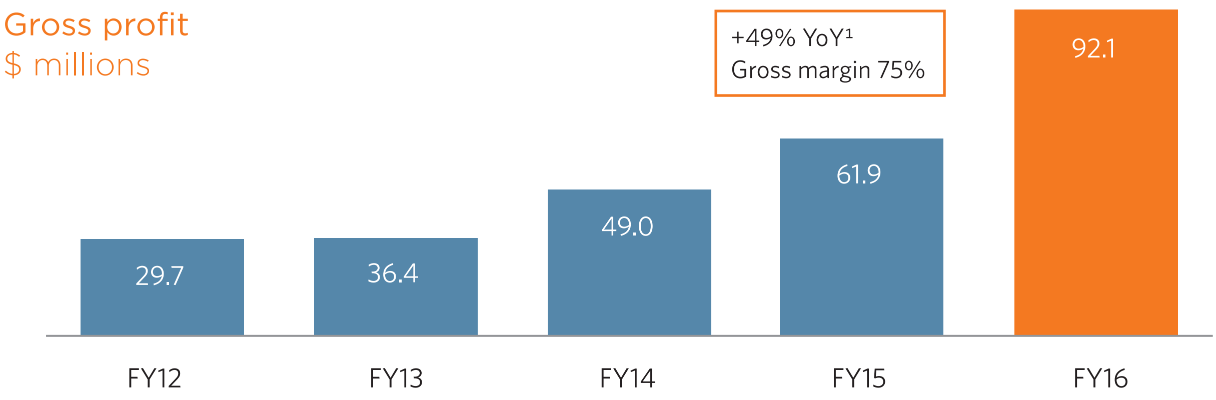
Growth in total revenue

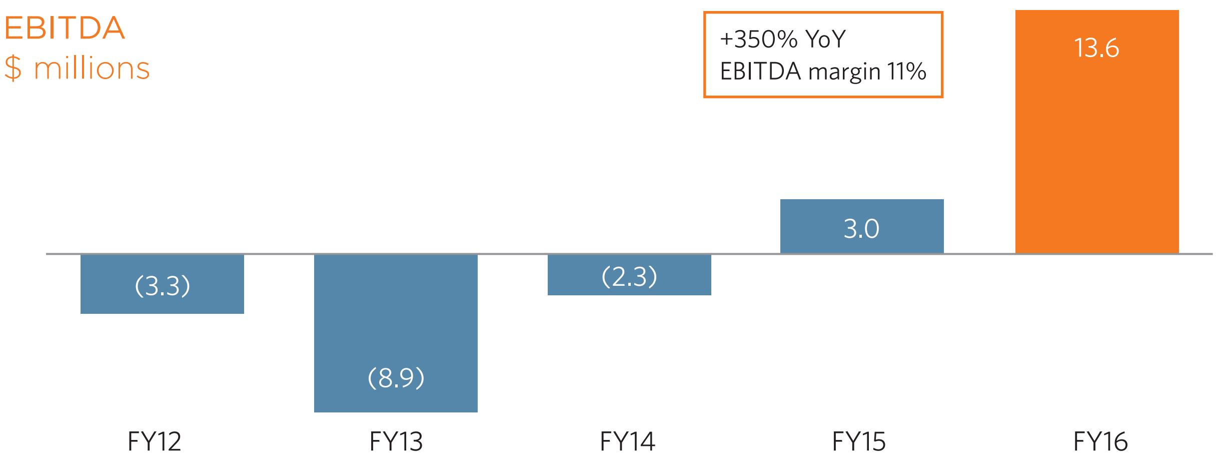


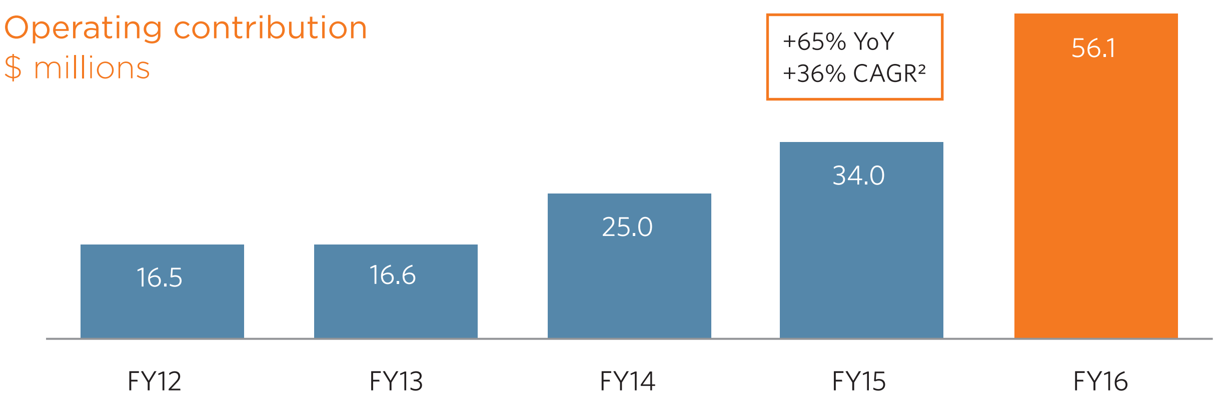
The Conject acquisition consolidated Aconex global market leadership and accelerated revenue growth for second half and full year 2016.

[1] YoY - Year over year   [2] CAGR - Compound annual growth rate

Balancing growth and profitability





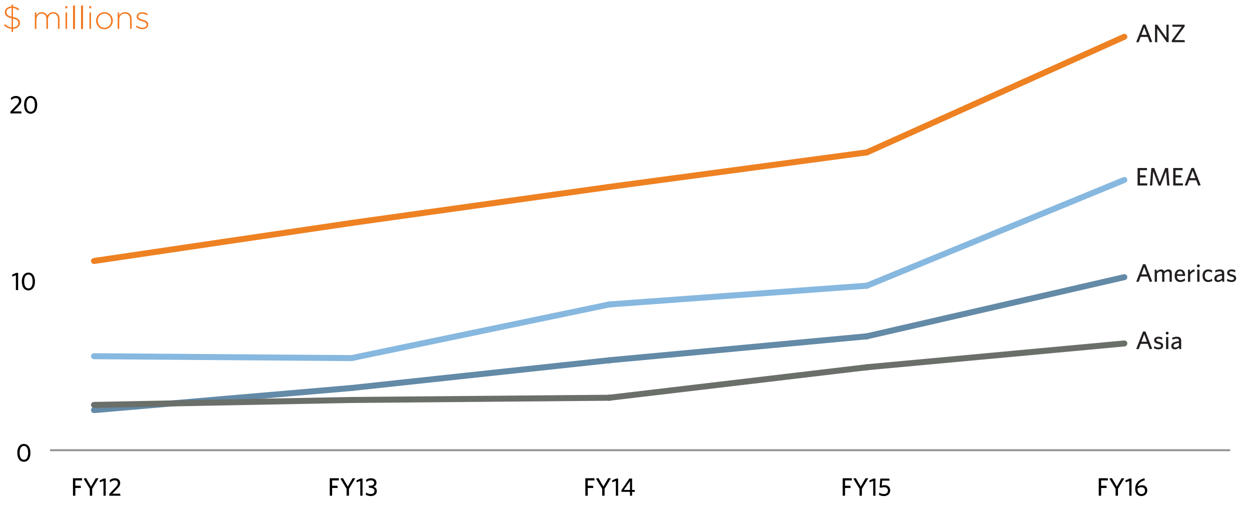


[1] YoY - Year over year [2] CAGR - Compound annual growth rate

International revenue and operating contributions growth following ANZ model

Revenue by region

$ millions



Contribution margin by region

Contribution $m and margin as percent

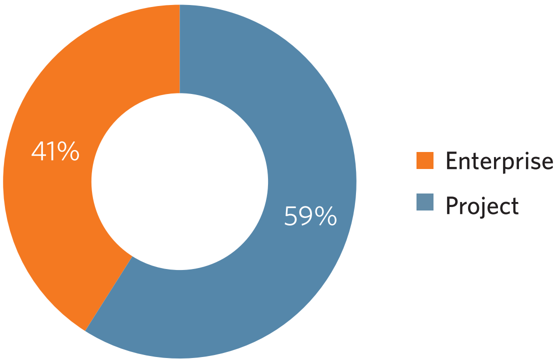
Region	Revenue $ millions	YoY Revenue % growth[1]	Contribution $ millions	Contribution % margin
ANZ	48.8	35%	34.5	71%
Americas	21.3	45%	2.2	10%
EMEA	40.0	87%	17.4	44%
Asia	13.3	30%	2.0	15%

Aconex is successfully replicating its ANZ business model across international markets. This is demonstrated by the FY16 revenue growth and operating contributions of the Americas, EMEA and Asia regions.

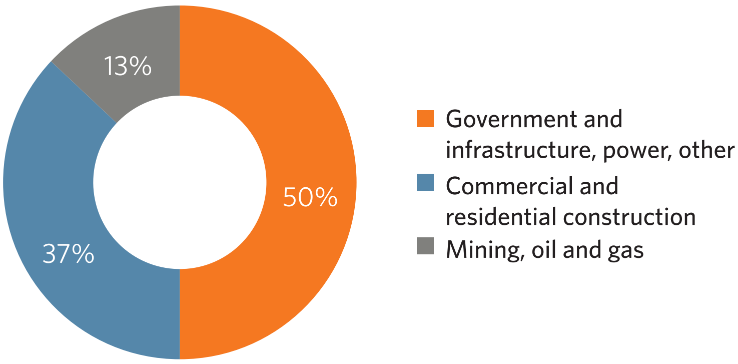
[1] YoY revenue growth on a constant currency basis – Americas, 35%; EMEA, 69%; Asia, 19%. YoY international revenue growth on a constant currency basis was 47%.

Diversified revenue in FY16

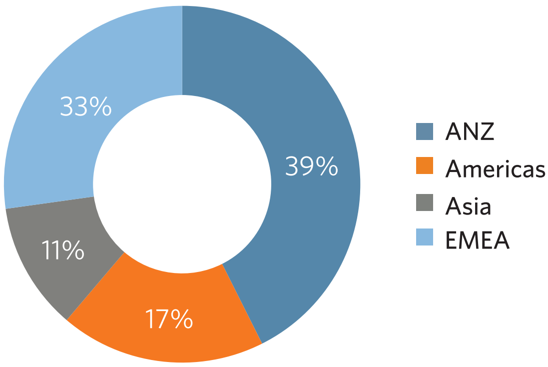
Revenue by agreement[1]



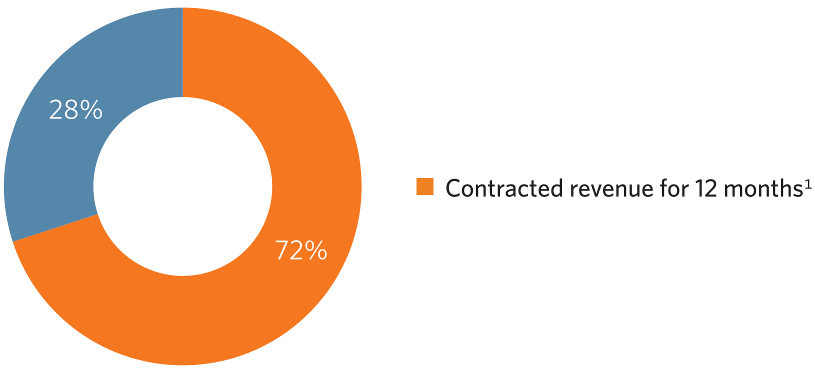
Revenue by vertical sector[1]



Revenue by region[2]



High levels of revenue visibility



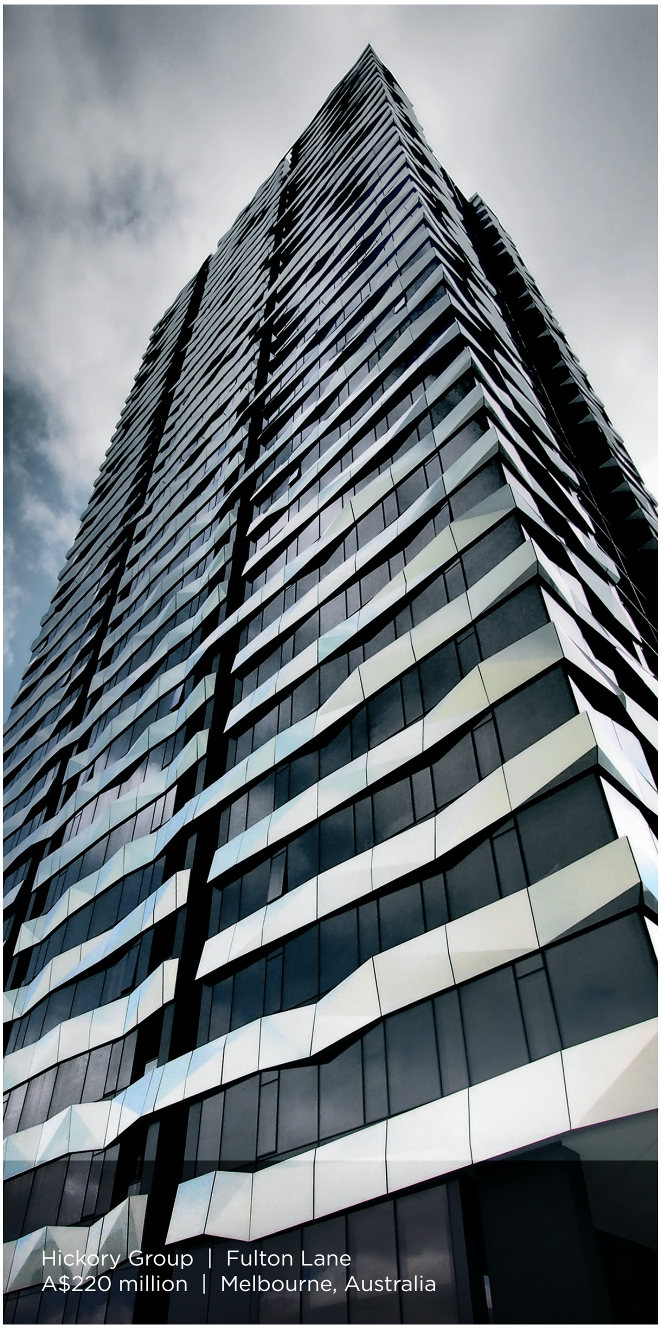
[1] Excludes Conject revenue [2] Includes Conject revenue

Reconciliation of IFRS statutory accounts to EBIT, EBITDA and NPAT from core operations

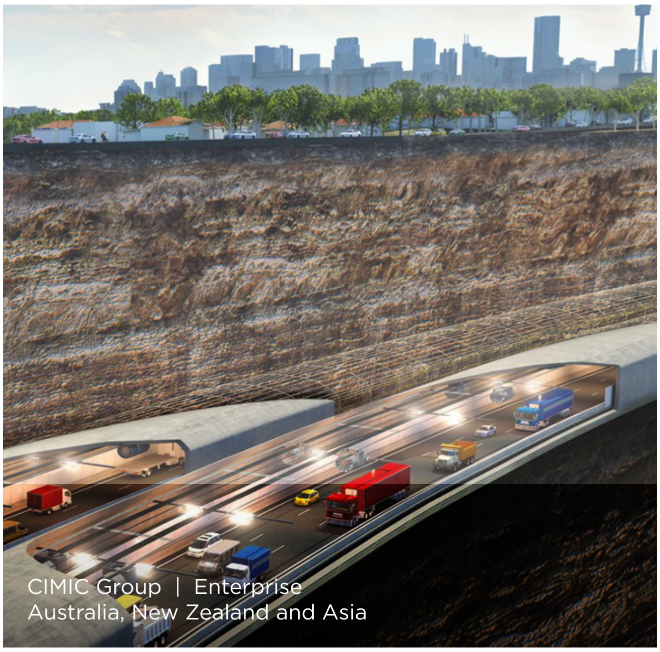
Year ended 30 June 2016 ($000's)	Income statement per IFRS statutory accounts	Non-core adjustments: Acquisition and integration costs	Non-core adjustments: Foreign currency loss	Income statement from core operations	Depreciation and amortisation	EBITDA from core operations
Revenues	123,358	-	-	123,358	-	123,358
Cost of revenues	(31,279)	-	-	(31,279)	443	(30,836)
Gross profit	92,079	-	-	92,079	443	92,522
Engineering and product development	(16,898)	-	-	(16,898)	4,181	(12,717)
Sales and marketing	(46,168)	-	-	(46,168)	22	(46,146)
General and administrative	(27,056)	4,087	48	(22,921)	2,885	(20,036)
Profit before interest and tax (EBIT)	**1,957**	**4,087**	**48**	**6,092**	**7,531**	**13,623**
Finance income	381	-	-	381	-	-
Profit before income tax	**2,338**	**4,087**	**48**	**6,473**	**-**	**-**
Income tax benefit	3,398	-	-	3,398	-	-
Profit after tax	**5,736**	**4,087**	**48**	**9,871**	**-**	**-**

Year ended 30 June 2015 ($000's)	Income statement per IFRS statutory accounts	Non-core adjustments: Class A preference shares	Non-core adjustments: Listing fees	Non-core adjustments: Foreign currency loss	Income statement from core operations	Depreciation and amortisation	EBITDA from core operations
Revenues	82,447	-	-	-	82,447	-	82,447
Cost of revenues	(20,536)	-	-	-	(20,536)	613	(19,923)
Gross profit	61,911	-	-	-	61,911	613	62,524
Engineering and product development	(10,053)	-	-	-	(10,053)	2,608	(7,445)
Sales and marketing	(36,033)	-	-	-	(36,033)	15	(36,018)
General and administrative	(23,973)	-	5,104	1,846	(17,023)	992	(16,031)
Profit before interest and tax (EBIT)	**(8,148)**	**-**	**5,104**	**1,846**	**(1,198)**	**4,228**	**3,030**
Finance income	21,248	(20,979)	-	-	269	-	-
Profit before income tax	**13,100**	**(20,979)**	**5,104**	**1,846**	**(929)**	**-**	**-**
Income tax expense	(1,537)	-	-	-	(1,537)	-	-
Profit after tax	**11,563**	**(20,979)**	**5,104**	**1,846**	**(2,466)**	**-**	**-**

Lendlease | Enterprise | Australia and Asia



Hickory Group | Fulton Lane
A$220 million | Melbourne, Australia



CIMIC Group | Enterprise
Australia, New Zealand and Asia

Otary Rentel Offshore Wind Farm
US$1.4 billion | North Sea

Directors' Report

Your directors submit theirort for the year ended 30 June 2016.

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.

Names, qualifications, experience and special responsibilities

Adam Lewis	Independent Non-executive Chairman
Appointed	October 2011 and Chairman from June 2014
Skills and experience	Adam 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, Adam had a wide-ranging client portfolio across the steel, mining, chemicals, retail, telecommunications and retail banking industries. Adam was managing partner of McKinsey in Australia and New Zealand and a member of the firm's Asia Council and global director-election committee. Since leaving McKinsey in 2010, Adam has established two successful advisory firms, Chop Wood Carry Water and Cast Professional Services. Adam serves on the advisory council of FIIG Securities and is Chairman of Southern Innovation and Palette and an advisor to a number of other start-up companies. Adam holds an M.B.A. degree in Finance from the University of Illinois at Urbana-Champaign and a Bachelor of Engineering and Electronics degree from Curtin University of Technology.
Leigh Jasper	Executive Director and Chief Executive Officer
Skills and experience	Leigh co-founded Aconex in 2000 with Rob Phillpot. Leigh's principal responsibilities as CEO consist of overseeing the Company's vision, strategy, operations and growth. Prior to co-founding Aconex, Leigh worked at McKinsey & Company, where he consulted to clients in the financial services, media, and information technology sectors. Prior to McKinsey, he worked on similar projects at A.T. Kearney. He is currently 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 Honours, a Bachelor of Science degree in Mathematics and a Diploma of Modern Languages in French from the University of Melbourne. Leigh is also a Graduate of the Australian Institute of Company Directors.
Rob Phillpot	Executive Director and Senior Vice President, Product and Engineering
Skills and experience	Rob co-founded Aconex in 2000 with Leigh Jasper. Rob is responsible for product vision, strategy and management. Before founding Aconex, he managed document control, quality and trades on a site team at Brookfield Multiplex. Prior to Brookfield Multiplex, he was an auditor at Deloitte & Touche in Australia. Rob holds a Bachelor of Commerce degree, a Bachelor of Planning & Design degree with Honours and a Master of Building degree from the University of Melbourne.

Simon Yencken	Independent Non-executive Director
Appointed	July 2008 and Chairman from June 2011 to June 2014
Skills and experience	Simon is currently chief executive officer and co-founder of Fanplayr. In addition to Fanplayr, Simon co-founded NextSet Software, which was acquired by Razor Risk Technologies, where he joined the Board of Directors. At TIBCO Software, he was a Board Member from 1996 to 1999 and also chief executive officer of TIBCO Finance. Previously, Simon was managing director of Reuters Financial Enterprise Systems and a member of the Reuters Group Executive Committee, and earlier served as General Counsel and Company Secretary of Reuters Group. Prior to Reuters, he was a partner of Herbert Smith Freehills, a leading law firm in Australia. Simon holds a Bachelor of Law degree and Bachelor of Science degree in Mathematics from Monash University.
Keith Toh	Non-executive Director
Appointed	June 2009
Skills and experience	Keith is a private investor and the founder of Boost. He is a venture partner at Novo Tellus Capital Partners, a Singapore-based investment firm. Keith was formerly a Principal at Francisco Partners, where he focused on enterprise software and international technology investments. Prior to Francisco Partners, he was an enterprise software product lead and senior consultant at Trilogy. 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. Keith holds a Bachelor of Science in Electrical Engineering degree from Stanford University, where he graduated with the combined faculty Deans' Award for Academic Achievement.
Paul Unruh	Independent Non-executive Director
Appointed	June 2011
Skills and experience	Paul is a senior adviser at TeleSoft Partners and serves on the boards of Symantec Corporation and Heidrick & Struggles International. He previously served on the boards of Move, Inc. and URS, Inc. 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. In the latter role, Paul was responsible for Bechtel's service organisations, including information systems and technology, finance, legal, external affairs and shared services. During his tenure at Bechtel, he also served as chief financial officer, controller and treasurer. From 1997 to 2001, Paul was president of Bechtel Enterprises, the project finance, development and investment arm of the company, with more than $40 billion in projects developed and financed. Paul 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

Appointed | September 2015

Skills and experience | Rosemary is an independent director on the boards of ISPT Pty Ltd, one of Australia's leading property fund managers, and Wallara Australia Limited, a community-based provider of services for people living with a disability. She chairs committees on both boards. Previously, Rosemary was chief executive officer of Housing Choices Australia Ltd and senior executive, structured property finance, at Babcock & Brown Pty Ltd. Prior to Babcock & Brown, she held senior management positions in property and construction finance at National Australia Bank, ANZ Banking Group and Macquarie Bank. Rosemary is a member of the Australian Institute of Company Directors and Women in Super.

Rosemary holds a Bachelor of Business in Property-Valuations degree from the Royal Melbourne Institute of Technology.

Company Secretaries

Anna Gorton | General Counsel and Company Secretary

Appointed | June 2016

Skills and experience | Anna Gorton joined Aconex in June 2016 and is general counsel with responsibility for the legal and compliance functions.

Anna has been practicing as a lawyer for over 15 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.

Stephen Recht | Chief Financial Officer and Company Secretary

Appointed | May 2012

Skills and experience | Stephen is Chief Financial Officer with responsibility for finance and accounting operations and administration. He has over 30 years of experience as a chief executive officer, chief operating officer and chief financial officer of both venture-backed private and public companies across the e-commerce, software, SaaS, and hardware segments. Stephen currently serves on the board of Sizmek and has served on the boards of Modius and Marimba (acquired by BMC Software), where he chaired the audit committee.

Stephen holds a M.B.A. degree from the Wharton School of the University of Pennsylvania and an A.B. degree in Economics from Stanford University.

Andrew Metcalfe | Company Secretary

Appointed | December 2014

Skills and experience | Andrew Metcalfe is an external provider of company secretarial and governance services. His professional career spans 28 years and he has provided services to ASX-listed and unlisted public companies, government and not-for-profit organisations.

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	11,829,380	1,010,781
Rob Phillpot	11,458,098	638,971
Adam Lewis	2,860,890	598,875
Paul Unruh	145,833	154,167
Simon Yencken	1,011,197	120,000
Keith Toh	16,000	-

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	15	15	-	-	3	3
Leigh Jasper	15	15	4	4	3	3
Rob Phillpot	15	15	-	-	-	-
Simon Yencken	15	14	4	4	3	3
Paul Unruh	15	15	4	4	-	-
Keith Toh[2]	15	14	4	4	1	1
Rosemary Hartnett[1, 2]	10	10	-	-	2	2

[1] Rosemary Hartnett was appointed to the Board on 11 September 2015.

[2] Keith Toh resigned and Rosemary Hartnett was appointed to the Remuneration & Nomination Committee in September 2015.

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	Simon Yencken
Keith Toh	Keith Toh[1]
	Rosemary Hartnett[1]

[1]Keith Toh resigned and Rosemary Hartnett was appointed to the Remuneration & Nomination Committee in September 2015.

Dividends

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

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 60,000 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.

Operating and financial review

A summary of financial results from core operations for the year ended 30 June 2016 is set out below. For the purposes of this report, core operations are defined as the reported results per the audited financial statements adjusted for listing expenses associated with the Company's Initial Public Offering in December 2014, business acquisition and integration costs associated with three acquisitions in 2016, and foreign currency gains and losses.

Core operations	Year ending 2016 $000's	Year ending 2015 $000's
Revenue	123,358	82,447
EBIT[1]	6,092	(1,198)
EBITDA[1]	13,623	3,030

A reconciliation of results from core operations and non-IFRS measures with the results reported per the financial statements set out below:

Reconciliation of EBIT from core operations	Year ending 2016 $000's	Year ending 2015 $000's
Reported EBIT	1,957	(8,148)
Add: Listing expenses	-	5,104
Add: Business acquisition and integration expenses	4,087	-
Add: Foreign currency losses	48	1,846
EBIT from core operations	6,092	(1,198)

Reconciliation of EBITDA from core operations	Year ending 2016 $000's	Year ending 2015 $000's
Reported EBIT	1,957	(8,148)
Add: Depreciation and amortisation expense	7,531	4,228
EBITDA	9,488	(3,920)
Add: Listing expenses	-	5,104
Add: Business acquisition and integration expenses	4,087	-
Add: Foreign currency losses	48	1,846
EBITDA from core operations	13,623	3,030

Reconciliation of net operating cash flows from core operations	Year ending 2016 $000's	Year ending 2015 $000's
Reported net operating cash flows	6,660	900
Add: Listing expenses	-	5,104
Add: Business acquisition and integration costs paid	2,115	-
Add: Payment of assumed Conject liabilities on acquisition	663	-
Net operating cash flows from core operations	9,438	6,004

[1] The Directors deem the EBIT and EBITDA measures from core operations, which exclude listing expenses, business acquisition and integration costs associated with acquisitions, and foreign currency gains and losses to be relevant and useful in measuring the financial performance of the Aconex Group. EBITDA is defined as earnings/losses before finance income/expense, tax, depreciation and amortisation. EBIT is defined as earnings/losses before finance income/expense and tax.

Operating and financial review (continued)

For the year ended 30 June 2016, the Company reported revenue of $123.4m, an increase of 50% on the previous year's revenue of $82.4m. Revenues in ANZ grew 35% and international revenues increased 61%. The 50% increase in Group revenue was driven by strong sales momentum, new enterprise agreements and enhanced product offerings. The acquisitions of the CIMIC Group's INCITE Keystone collaboration platform and Conject contributed $14.6 million to revenue growth. New enterprise agreements were signed with the CIMIC Group, Burns & McDonnell, ExxonMobil and Fluor, and existing enterprise agreements were renewed with several customers.

Total operating expenses from core operations, excluding depreciation and amortisation expenses, increased 29% to $78.9m when compared with the previous year. The increase reflected investments in:

- Engineering and product development (including capitalised development costs), which increased from 14% to 18% as a percentage of revenue.
- Sales and marketing, which led to an increase in commissions paid as a result of increased sales.
- All employees and operations of Conject following the close of the acquisition.

The Company recorded positive EBITDA from core operations of $13.6m for the year ended 30 June 2016, a $10.6m improvement on the prior year's EBITDA from core operations of $3.0m. The improvement in EBITDA reflected the benefits of global scale and the operating leverage gained from the Company's business model which is focused on the following key objectives:

- Leverage industry and collaboration network effects to drive new business from both new and existing customers.
- Replicate the highly profitable Australian business model across international regions to increase global market leadership and drive scale.
- Continuously expand the breadth of the Aconex platform to drive increasing value for customers and users as well as competitive advantage.
- Balance revenue growth and profitability by investing in product and sales to drive new opportunities for market penetration.

Net operating cash flows from core operations were $9.4m for the year ended 30 June 2016, a $3.4m increase from the prior year, reflecting improved EBITDA, offset by working capital movements.

Business acquisitions during the year

Aconex made three acquisitions during the year. The Company expanded its technology and product capabilities through the acquisitions of Worksite and the CIMIC Group's INCITE Keystone platform, and further consolidated its global leadership position with the acquisition of Conject.

Acquisition of Worksite

On 24 July 2015, Aconex Limited acquired Worksite, provider of a SaaS-based project cost management solution, from ARES Project Management LLC. Under the terms of the acquisition agreement, Aconex purchased the intellectual property and assets of Worksite for a total price of $6.4m, with $3.2m paid up front and a further $3.2m paid on 24 July 2016.

The Worksite software solution complements the Aconex collaboration platform through the build-out of collaborative cost management on the Aconex platform.

Strategic partnership with the CIMIC Group

On 4 August 2015, Aconex Limited entered into a multi-year strategic partnership with CIMIC Group Limited (ASX: CIM) and certain of its related entities. CIMIC, formerly Leighton Holdings Limited, is the parent company of one of the world's largest international contractors.

Operating and financial review (continued)

The strategic partnership is expected to build long-term commercial value for both companies. Aconex anticipates that the partnership will generate a minimum of $16.5m of committed revenue for the management of existing and new projects over four years from the date of the partnership agreement.

Acquisition of Conject

On 31 March 2016, Aconex Limited acquired Conject, a leading cloud and mobile collaboration service provider in Europe and other regions, for a total cash consideration of $99.5m.

The acquisition of Conject is expected to significantly expand Aconex's market penetration and user network throughout Europe and further consolidate Aconex's market position as the global market leader in cloud-based construction collaboration solutions.

To finance the Conject transaction and provide additional working capital, Aconex raised $120 million through a fully underwritten institutional placement of more than 23 million shares at an issue price of $5.20. Following the capital raising, the Company offered a share purchase plan (SPP) for eligible existing shareholders to purchase additional Aconex shares. The SPP raised another $12.0 million also at an issue price of $5.20.

Product development overview

Aconex research and development in financial year 2016 focused on critical processes that help customers deliver successful projects, on time and on budget, while increasing the Company's competitive advantage. Key new capabilities added to the Aconex platform included project controls for cost and schedule management, as a result of the Worksite acquisition. FY16 product development priorities included the following:

- Insights and enhanced reporting to help detect and resolve project issues early.
- Field processes and increased mobility to improve efficiency and productivity on site.
- Management of building information modeling (BIM) data and processes across project teams.
- Connecting the Aconex platform with a broader range of internal systems for data exchange.
- Continued layering of security measures to meet emerging market and customer requirements.
- Deeper design processes, including mail routing, packages, linking, configuration management and construction lots.

Aconex accelerated the pace of product development over the last twelve months, increasing its total research and development spend by 85% from $11.9m in financial year 2015 to $22.0m in FY16. The increased spend is largely a result of:

- The acquisition of Worksite and the integration and continued development of its SaaS-based project cost management solution (Aconex Connected Cost). Aconex Connected Cost helps owners and contractors manage budgets, contracts, month-end processes, and payments in a collaborative environment. The new module on the Aconex platform has been rolled out to selected customers in preparation for full commercial availability in FY17.
- The acquisition of the INCITE Keystone collaboration platform from the CIMIC Group, as well as its integration with the Aconex platform and the development of further product enhancements.
- The acquisition of Conject, its products and its product development teams, which are being integrated with Aconex.

Significant changes in the state of affairs

In March and April 2016, respectively, Aconex completed a fully underwritten institutional placement and a share purchase plan, through which the Company raised $132m in cash to finance the purchase of Conject and provide additional working capital. The capital raising, coupled with positive cash flows from operating activities, strengthened the Group's cash balance, including restricted cash, from $29.1m to $52.5m at 30 June 2016.

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

Significant events after reporting period

On 24 July 2016, in accordance with the terms of the Worksite acquisition, a payment of $3.2m (US$2.4m) was made to ARES Management LLC.

In the Directors' opinion, there have been no other significant events since the end of financial year 2016.

Business strategies and future developments

Aconex is focused on a set of key initiatives to increase shareholder value which include:

- Driving sales and marketing into underpenetrated industry segments and regions such as Asia, the Americas and Europe, the Middle East and Africa (EMEA).
- Leveraging existing customer relationships and communities via the "network effect" to further entrench the existing user base and attract new users.
- Continued improvement and enlargement of the Aconex product offering through innovative research and development.
- Opportunistic assessment of strategic acquisition targets that may accelerate growth.
- Balancing investments in growth with increasing profitability.

Aconex is a leader in the construction collaboration market in Australia and New Zealand (ANZ) and has built a profitable business. Over a number of years, Aconex has been investing and replicating its ANZ success globally as it penetrates international markets, all of which are significantly larger than the ANZ market.

While revenue in the ANZ region grew 35% from FY15 to FY16, the revenue growth rate for the international business was 61%. The international revenue growth trajectory is underpinned by Aconex's historical investment in its scalable SaaS platform, an established global sales, marketing and customer support network.

The Company believes that Aconex stands to benefit from the increasing adoption of cloud collaboration in the construction industry worldwide. Future revenue growth is expected to benefit from:

- The rising complexity, cost and risk of construction projects.
- The increasing digitisation of project documents and workflows.
- The adoption of increasingly advanced processes such as BIM; which provides a digital, multidimensional representation of the physical and functional characteristics of an asset.
- The growing Aconex user community, which provides positive "network effects" in spreading the adoption of the Aconex platform through project collaboration worldwide.

Aconex's future growth plans include continuing to invest in growth markets both domestically and internationally, as evidenced by continued revenue and earnings growth in each key market. In the course of executing the Group's growth plans, the Group is subject to market and operational risks outlined below.

Economic conditions and financial market conditions may deteriorate
As a business with significant international operations, Aconex is dependent on global economic conditions and has significant exposure to the construction industry. Significant declines in economic conditions may result in a deterioration of 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 market or segment.

Potential for increased competition
The collaboration segment that services the construction industry is subject to vigorous competition based on factors including price, service, quality, performance standards, information security, innovation and the ability to provide customers with an appropriate range of reliable and tailored services in a timely manner. A failure by Aconex to effectively compete with its competitors 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 complex project collaboration challenges faced by customers.

Business strategies and future developments (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 considerable period of time. Aconex's business model relies on increasing acceptance and proliferation of web-based software for information management in the construction industry. It may be difficult for Aconex to persuade its prospective clients to change their existing solutions and accept web-based information management solutions. If Aconex's construction collaboration solutions are not accepted and used by organisations in the construction industry, or if the market for construction collaboration solutions in the construction industry fails to grow at the expected rate, demand for Aconex's core product could be negatively impacted and Aconex's ability to sustain and grow its business may be adversely affected. Aconex regularly communicates with existing and prospective customers to understand the issues faced by customers and develop products, features and enhancements that provide solutions for customers.

Potential for international business expansion to not achieve intended outcomes

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

Potential for adverse changes in foreign exchange risks

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

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, and the networks and information systems of its third party service providers and customers may also be vulnerable to loss or theft. These activities may cause disruption to Aconex's systems and impact Aconex's brand. Aconex's products are designed to maintain the confidentiality and security of its customers' confidential and proprietary information that is stored on its systems, including highly valuable intellectual property, strategic business information and other confidential information. Aconex has appropriate data management, security and compliance policies, procedures and practices in place to mitigate such risks.

Potential for loss of benefits and synergies from strategic acquisitions

Aconex may not be able to fully achieve its strategic objectives in the strategic acquisitions of Conject, INCITE Keystone and Worksite. 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, as a result of an acquisition. These factors could contribute to Aconex not achieving the expected benefits from its acquisitions within desired time frames or at all.

Environmental regulation and performance

The Directors are not aware of any significant environmental issues affecting the Group or its compliance with relevant environmental agencies or regulatory authorities.

Share options

Unissued shares

As at the date of this report, there were 11,898,086 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 4,594,411 options. As a result of the exercise of these options, 4,594,411 new fully ordinary shares in Aconex Limited were issued.

260,052 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 2016.

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.

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:

	$
Taxation services	294,425
Acquisition due diligence services	113,255
Other assurance services	140,000

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 statement

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 2016 in the Corporate Governance section of the Investor Centre on the Aconex website. The full report can be found at the following URL: http://investor.aconex.com/IRM/content/default.aspx.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

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 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 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

Ernst & Young

David McGregor
Partner
Melbourne
22 August 2016

REMUNERATION REPORT

Contents

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 2016 (**FY16**). 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.

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 FY16:

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 (Appointed 11 September 2015)
Senior executives	
Paul Perrett	Chief Operating Officer
Stephen Recht	Chief Financial Officer

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

2. Overview of executive remuneration

Remuneration principles and strategy

The Group's executive remuneration philosophy is founded on the objectives of:

- Ensuring the Company's remuneration structures are equitable and aligned with long-term interests of the Company and its shareholders;
- Attracting and retaining skilled executives; and
- Structuring short and long term incentives that are challenging and linked to the creation of sustainable shareholder returns.

The following diagram illustrates how the Group's remuneration strategy aligns with the strategic direction and links remuneration outcomes to performance.

Component	Vehicle	Purpose	Link to performance
Fixed remuneration	Comprises base salary package including statutory superannuation contributions and benefits.	To provide competitive fixed remuneration set with reference to executive's role, skills, experience and comparable roles in similar companies.	Individual performance is considered during the annual remuneration review.
STI plan	Paid in cash.	Rewards executives for their contribution to achievement of Group and business unit outcomes.	Linked to specific financial and non-financial targets.
LTI plan	Awarded in restricted share options and restricted shares.	Rewards executives for their contribution to the creation of shareholder value over the longer term.	Vesting of restricted share options and restricted shares is dependent on Group's total shareholder return relative to peer group.

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.

2. Overview of executive remuneration (continued)

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%
EBIT	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 KPI.

How is performance measured for executives?

Performance measures are outlined at the start of the financial year and are based on a combination of key performance indicators (**KPIs**) which include group financial metrics such as sales bookings, revenue and EBIT 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%
EBIT 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.

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**) plan for executives and key employees. 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 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 executives have LTI Awards of between 40% 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: 1. the employee being continuously employed by Aconex for the 3 year period from the vesting period commencement date; and 2. 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:
What happens if an executive ceases employment?	Where an executive ceases employment with the Group, any unvested share options will lapse, unless the Board approves accelerated vesting of share options in accordance with the Long Term Incentive Plan.

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

3. Performance and executive remuneration outcomes in FY16

Performance against STI measures

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

Key group financial metrics	2012	2013	2014	2015	2016
Revenue ($m)	44.3	52.3	66.2	82.4	123.4
EBIT from core operations ($m)	(9.0)	(15.7)	(7.1)	(1.2)	6.1

The Group performed well against all metrics for FY16. The performance is reflected in the STI payments to the executive team as set out in section 7 of this Report. The following table outlines the proportions of maximum STI earned and forfeited in relation to FY16.

Name	Proportion of maximum STI earned in FY15[i]	Proportion of maximum STI earned in FY16[i]
L Jasper	104%	101.5%
R Phillpot	103%	98.0%
S Recht	102%	101.5%
P Perrett	102%	100.3%

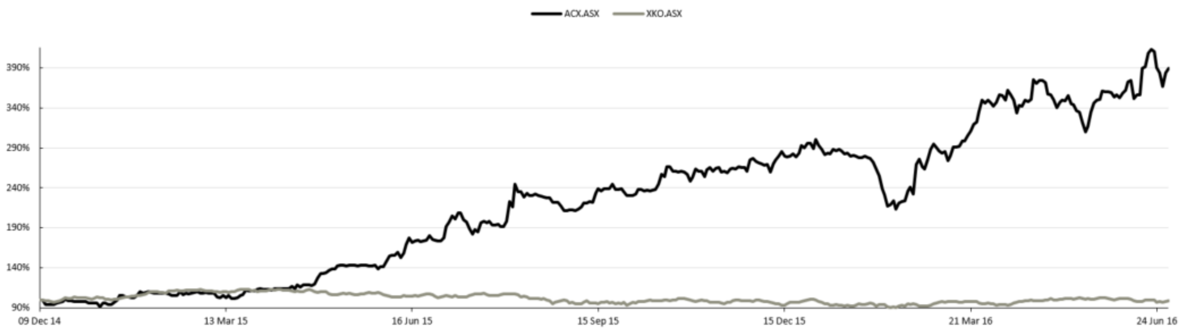
i. Each executive has a contractual STI. For selected financial KPIs, an executive is able to earn greater than the contractual STI and therefore in excess of 100%.

3. Performance and executive remuneration outcomes in FY16 (continued)

Performance against LTI measures

The Group's key financial measure of performance over the longer term is share price appreciation. LTI Awards were granted in FY16 with a vesting commencement date of 1 October 2015, which are tested against relative TSR over the three-year period from 1 October 2015. The Company's share price has appreciated from the ASX listing price of $1.90 and from the vesting commencement price of the LTI Awards of $4.15 to a 30 June 2016 share price of $7.01. Aconex has outperformed the median of the peer group of the ASX300 since ASX listing on 9 December 2014 and since 1 October 2015. Share price appreciation drives LTI value for executives through the increase in the value of the restricted shares and restricted share options issued.

Relative TSR performance since ASX listing on 9 December 2014



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 options that would vest within 12 months following termination, will vest automatically where terminated without cause or terminated for good reason.
R Phillpot	➢ 12 months' notice either party (or payment in lieu of notice). ➢ Any unvested options 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 options 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 your 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.

5. How remuneration is governed

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of only non-executive directors 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 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 www.aconex.com.

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, whilst incurring a cost, which is acceptable to shareholders.

The current aggregate fee pool for the 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 Board and Committee fees payable to NEDs for FY16 (inclusive of superannuation and share award entitlements):

		Pre 1 October 2015 ($A)	Post 1 October 2015 ($A)
Board fees			
Chair		130,000	140,000
NED		80,000	90,000
Committee fees			
Audit, Business Risk and Compliance Committee	Chair	20,000	20,000
	Member	N/A	N/A
Remuneration and Nomination	Chair	N/A	N/A
	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 can elect for their fixed fee compensation to be paid in cash or share options or a combination of both.

7. Statutory and share award reporting

Executive KMP remuneration for the years ended 30 June 2016 and 30 June 2015

Executive	Financial year	Salary	Cash bonus (ii) & (iv)	Other (i)	Post-employment benefits	Long service leave	Shares (iii)	Share options (iii)	Total	Performance related
		$	$	$	$	$	$	$	$	%
L Jasper	**2016**	**409,771**	**209,348**	**532**	**30,015**	**7,123**	**22,348**	**48,109**	**727,246**	**38%**
	2015	400,997	354,742[iv]	8,662	23,194	6,158	-	34,536	828,289	47%
R Phillpot	**2016**	**284,954**	**103,690**	**8,175**	**19,860**	**4,725**	**15,197**	**32,846**	**469,447**	**32%**
	2015	260,544	203,150[iv]	5,996	29,311	4,552	-	23,815	527,368	43%
S Recht[v]	**2016**	**325,816**	**163,530**	**56,885**	**48,455**	**-**	**-**	**28,241**	**622,927**	**31%**
	2015	270,546	131,049	29,877	39,446	-	-	22,983	493,901	31%
P Perrett	**2016**	**272,311**	**154,548**	**-**	**23,884**	**4,642**	**-**	**22,966**	**478,351**	**37%**
	2015	261,419	136,188	23,339	18,530	4,420	-	8,483	452,379	32%
Total	**2016**	**1,292,852**	**631,116**	**65,592**	**122,214**	**16,490**	**37,545**	**132,162**	**2,297,971**	**35%**
	2015	1,193,506	825,129	67,874	110,481	15,130	-	89,817	2,301,937	40%

i. Other includes travel and car allowances, rental lease costs and/or non-monetary benefits such as medical 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 the year ended 30 June 2015, cash bonus includes payments of $187,000 and $131,750 for Leigh Jasper and Rob Phillpot in lieu of foregoing their entitlement to share awards entitlement for the year.
v. For US based executives, fees are denominated in US dollars. Amounts reported above are translated at average exchange rate for the respective financial year.

NED remuneration for the years ended 30 June 2016 and 30 June 2015

Non-executive director	Financial year	Fees and allowances	Post-employment benefits	Shares (v)	Share options (v)	Total
		$	$	$	$	$
Adam Lewis	**2016**	**132,031[ii]**	**-**	**-**	**48,644**	**180,675**
	2015	53,194	5,053	-	93,899	152,146
Simon Yencken[i]	**2016**	**55,331**	**-**	**-**	**20,833**	**76,164**
	2015	43,978	-	-	59,250	103,228
Paul Unruh[i]	**2016**	**86,072**	**-**	**-**	**18,709**	**104,781**
	2015	53,778	-	-	32,924	86,702
Keith Toh[i]	**2016**	**129,157[iv]**	**-**	**-**	**-**	**129,157**
	2015	15,388	-	30,400[iii]	-	45,788
Rosemary Hartnett[vi]	**2016**	**65,577**	**6,230**	**-**	**-**	**71,807**
Total	**2016**	**468,168**	**6,230**	**-**	**88,186**	**562,584**
	2015	166,338	5,053	30,400	186,073	387,864

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. Adam Lewis was paid a cash bonus of $50,000 in FY16 in recognition of efforts in successfully completing the IPO. The cash bonus was paid in May 2016, being 18 months' post completion of the Company's IPO.
iii. In accordance with the Annual General Meeting held on 17 October 2014, Aconex Limited issued 16,000 shares to Keith Toh. The fair market value of the shares were $1.90 and a total expense recognised of $30,400.
iv. Keith Toh received $10,000 p.a. for leading the M&A working group.
v. Share options and shares represents share based payment expense amortised over vesting period.
vi. Rosemary Hartnett was employed from 11 September 2015.

7. Statutory and share award reporting (continued)

Options awarded, vested and lapsed during the year ended 30 June 2016

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 No.	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 No.	Lapsed during year No.
Executive directors										
L Jasper	2016	22 Oct 2015	108,781	149,030	1.37	4.30	30 Sep 2018	30 Sep 2020	-	-
	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	55,000	-
	2012	1 Oct 2011	-	-	0.05	1.05	1 Oct 2015	31 Aug 2017	18,333	-
R Phillpot	2016	22 Oct 2015	73,971	101,340	1.37	4.30	30 Sep 2018	30 Sep 2020	-	-
	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	38,750	-
	2012	1 Oct 2011	-	-	0.05	1.05	1 Oct 2015	31 Aug 2017	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										
S Recht	2016	30 Sep 2015	119,895	121,094	1.01	4.30	30 Sep 2018	30 Sep 2020	-	-
	2012	30 Apr 2012	-	-	0.15	1.05	30 Apr 2016	29 Mar 2018	303,542	-
P Perrett	2016	30 Sep 2015	64,035	64,675	1.01	4.30	30 Sep 2018	30 Sep 2020	-	-
	2014	31 May 2012	-	-	0.08	1.05	1 July 2016	31 May 2018	200,000	-
	2012	1 Oct 2011	-	-	0.05	1.05	1 Oct 2015	31 Aug 2017	11,667	-

^ Grant date and fair value of options at grant date is determined in accordance with AASB 2. For details on the valuation of options, including models and assumptions used, please refer to Note 22.

Shares awarded, vested and lapsed during the year ended 30 June 2016

Shares carry voting and dividend rights.

	Financial year	Grant date^	Shares awarded during the year No.	Value of shares granted during the year $	Fair value of shares at grant date^ $	Vesting period	Vested during year No.
Executive directors							
L Jasper	2016	22 Oct 2015	30,637	96,813	3.16	30 Sep 2018	-
R Phillpot	2016	22 Oct 2015	20,833	65,832	3.16	30 Sep 2018	-
Senior executives							
P Perrett	2016	30 Sep 2015	18,035	44,727	2.48	30 Sep 2018	-

^ 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 Note 22.

7. Statutory and share award reporting (continued)

Shares issued on 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	250,000	0.95	4.30	837,500
R Phillpot	125,000	0.95	3.81	357,500
Senior executives				
S Recht	300,000	1.05	5.64	1,377,379
P Perrett	180,000	1.05	4.63	644,300

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 2015	Granted during the year	Exercised during the year	Balance at end of the year 30 Jun 2016	Vested and exercisable at 30 Jun 2016	Unvested and not exercisable at 30 Jun 2016
Executive directors						
L Jasper	1,152,000	108,781	(250,000)	1,010,781	792,917	217,864
R Phillpot	690,000	73,971	(125,000)	638,971	493,958	145,013
Non-executive directors						
A Lewis	598,875	-	-	598,875	425,542	173,333
P Unruh	154,167	-	-	154,167	87,500	66,667
S Yencken	120,000	-	-	120,000	76,667	43,333
Senior executives						
S Recht	1,203,558	119,895	(300,000)	1,023,453	903,558	119,895
P Perrett	880,000	64,035	(180,000)	764,035	683,333	80,702

Shareholdings of KMP

	Balance at beginning of period 1 Jul 2015	Granted as remuneration	Options exercised	Net change other	Balance at end of period 30 Jun 2016
Executive directors					
L Jasper	13,025,700	30,637	250,000	(1,476,957)	11,829,380
R Phillpot	12,950,826	20,833	125,000	(1,638,561)	11,458,098
Non-executive directors					
A Lewis	2,857,680	-	-	3,210	2,860,890
P Unruh	145,833	-	-	-	145,833
S Yencken	2,311,917	-	-	(1,300,000)	1,011,917
K Toh	16,000	-	-	-	16,000
Senior executives					
S Recht	-	-	300,000	(300,000)	-
P Perrett	225,435	18,035	180,000	(224,409)	199,061

7. Statutory and share award reporting (continued)

Loans to KMP

As at 30 June 2016 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 2016 $	Transaction value year ended 30 June 2015 $	Balance outstanding as at 30 June 2016 $	Balance outstanding as at 30 June 2015 $
Rob Phillpot					
Melbourne Office Furniture	Office furniture	71,551	2,744	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 2016

Consolidated statement of comprehensive income
For the year ended 30 June 2016

	Notes	2016 $000	2015 $000
Revenues		123,358	82,447
Cost of revenues	5	(31,279)	(20,536)
Gross profit		**92,079**	**61,911**
Engineering and product development	5	(16,898)	(10,053)
Sales and marketing	5	(46,168)	(36,033)
General and administrative	5	(27,056)	(23,973)
Profit / (loss) before interest and tax (EBIT)		**1,957**	**(8,148)**
Finance income	6	381	21,248
Profit before income tax		**2,338**	**13,100**
Income tax benefit / (expense)	7	3,398	(1,537)
Profit for the year		**5,736**	**11,563**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1,286	(2,745)
Total other comprehensive income / (loss)		**1,286**	**(2,745)**
Total comprehensive income net of tax		**7,022**	**8,818**
Basic earnings per share		**$0.03**	**$0.11**
Diluted earnings / (loss) per share		**$0.03**	**($0.25)**

The accompanying notes 1 - 28 form part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2016

	Notes	2016 $000	2015 $000
Current assets			
Cash and cash equivalents	10	49,985	27,653
Trade and other receivables	11	30,908	20,390
Income tax receivable		179	107
Other assets	12	11,131	7,080
Total current assets		**92,203**	**55,230**
Non-current assets			
Restricted cash	23(b)	2,522	1,449
Plant and equipment	13	6,085	2,876
Intangible assets	14	141,232	6,453
Deferred tax assets	7	7,597	996
Total non-current assets		**157,436**	**11,774**
Total assets		**249,639**	**67,004**
Current liabilities			
Trade and other payables	16	27,267	15,208
Loans and borrowings	15	32	-
Contingent consideration	19	2,980	-
Income tax payable		1,830	1,346
Provisions	18	7,794	5,326
Deferred revenue	17	62,745	48,001
Total current liabilities		**102,648**	**69,881**
Non-current liabilities			
Trade and other payables	16	589	820
Loans and borrowings	15	933	-
Contingent consideration	19	2,948	-
Provisions	18	2,109	1,161
Deferred revenue	17	28,497	33,110
Deferred tax liability	7	6,269	-
Total non-current liabilities		**41,345**	**35,091**
Total liabilities		**143,993**	**104,972**
Equity			
Issued capital	20	197,815	60,262
Other contributed equity	20	62,429	62,429
Reserves	21	(354)	(679)
Accumulated losses		(154,244)	(159,980)
Total equity		**105,646**	**(37,968)**
Total liabilities and equity		**249,639**	**67,004**

The accompanying notes 1 - 28 form part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2016

	Notes	Issued capital $000	Other contributed equity $000	Treasury reserve $000	Share based payments reserve $000	Foreign currency translation reserve $000	Accumulated losses $000	Total $000
As at 1 July 2014		**8,663**	**-**	**-**	**2,197**	**(1,325)**	**(171,543)**	**(162,008)**
Profit for the period		-	-	-	-	-	11,563	11,563
Exchange differences on translation of foreign operations		-	-	-	-	(2,745)	-	(2,745)
Total comprehensive profit		**-**	**-**	**-**	**-**	**(2,745)**	**11,563**	**8,818**
Issue of ordinary shares	20	50,000	-	-	-	-	-	50,000
Transaction costs	20	(2,238)	-	-	-	-	-	(2,238)
Exercise of share options	20	2,663	-	-	-	-	-	2,663
Issue of ordinary shares as contingent consideration	20	1,134	-	-	-	-	-	1,134
Issue of ordinary shares to non-executive director & employees	20	40	-	-	-	-	-	40
Share based payments	22	-	-	-	1,194	-	-	1,194
Conversion of Class A Preference Shares into ordinary shares	20	-	62,429	-	-	-	-	62,429
As at 30 June 2015		**60,262**	**62,429**	**-**	**3,391**	**(4,070)**	**(159,980)**	**(37,968)**
Profit for the period		-	-	-	-	-	5,736	5,736
Exchange differences on translation of foreign operations		-	-	-	-	1,286	-	1,286
Total comprehensive profit		**-**	**-**	**-**	**-**	**1,286**	**5,736**	**7,022**
Issue of ordinary shares	20	132,003	-	-	-	-	-	132,003
Transaction costs, net of tax	20	(1,913)	-	-	-	-	-	(1,913)
Exercise of share options	20	5,138	-	-	-	-	-	5,138
Issue of shares for long term incentive plan	20	2,325	-	(2,325)	-	-	-	-
Share based payments	22	-	-	-	1,506	-	-	1,506
Payment for treasury shares		-	-	(142)	-	-	-	(142)
As at 30 June 2016		**197,815**	**62,429**	**(2,467)**	**4,897**	**(2,784)**	**(154,244)**	**105,646**

The accompanying notes 1 - 28 form part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2016

	Notes	2016 $000	2015 $000
Cash flows from operating activities			
Net profit		5,736	11,563
Adjustments for non-cash flows:			
Depreciation and amortisation expense	5	7,531	4,228
Amortisation of transaction costs	6	-	128
Financial instrument interest expense	6	-	7,822
Gain on revaluation of derivative	6	-	(57,003)
Class A Preference Shares conversion cost classified as financing cost	6	-	28,074
Share based payments expense	22	1,506	1,234
Loss on disposal of intangible assets & plant and equipment		80	207
Unrealised foreign exchange loss		116	81
Changes in operating assets and liabilities:			
Increase in restricted cash		(901)	(134)
Increase in receivables		(5,613)	(2,930)
Increase in other assets		(3,485)	(996)
Increase in net tax provisions		404	738
Increase in deferred tax assets		(5,515)	(293)
Increase in payables		5,675	2,076
Increase in provisions		1,503	807
(Decrease) / increase in deferred revenue		(377)	5,298
Net cash provided by operating activities		**6,660**	**900**
Cash flows used in investing activities			
Acquisition of businesses	8	(104,735)	-
Purchase of plant and equipment		(4,297)	(1,480)
Purchase of intangible assets	14	(202)	(307)
Proceeds from sale of plant and equipment		-	3
Capitalised internally generated development costs		(9,237)	(4,498)
Net cash used in investing activities		**(118,471)**	**(6,282)**
Cash flows from financing activities			
Proceeds from equity raising		132,003	50,000
Repayment of borrowings		-	(1,146)
Proceeds from exercise of share options		5,138	2,663
Payment for treasury shares		(142)	-
Transaction costs on issue of shares		(2,964)	(2,238)
Class A Preference Shares conversion cost		-	(28,074)
Net cash provided by financing activities		**134,035**	**21,205**
Net increase in cash held		22,224	15,823
Cash and cash equivalents at beginning of year		27,653	10,898
Net exchange differences		108	932
Cash and cash equivalents at end of year	10	**49,985**	**27,653**

The accompanying notes 1 - 28 form part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 30 June 2016

1. Corporate information

The consolidated financial statements of Aconex Limited for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 22 August 2016.

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 Securities Exchange.

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

2. Summary of significant accounting policies

2.1 Basis of preparation

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, except for derivative financial instruments, which have been measured at fair value.

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.

2.2 Compliance with IFRS

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

2.3 Changes in accounting policies, accounting standards and interpretations

a) 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 2015. 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 2013-9 Amendments to Australian Accounting Standards – *Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.	1 July 2015

2. Summary of significant accounting policies (continued)

2.3 Changes in accounting policies, accounting standards and interpretations (continued)

a) Changes in accounting policy and disclosures

Title	Summary	Application date for the Group
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015

b) Accounting Standards and Interpretations issued but not yet effective

Title	Summary	Application date of the Standard	Impact on group financial report	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 Jan 2016	It is expected the adoption of the amendment will not have any impact on the financial position or financial performance of the Group	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 Jan 2016	It is expected the adoption of the amendment will not have any impact on the financial position or financial performance of the Group	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 Jan 2016	It is expected the adoption of the amendment will not have any impact on the financial position or financial performance of the Group.	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 Jan 2016	It is expected the adoption of the amendment will not have any impact on the financial position or financial performance of the Group.	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 Jan 2016	It is expected the adoption of the amendment will not have any impact on the financial position or financial performance of the Group.	1 Jul 2016

2. Summary of significant accounting policies (continued)

Changes in accounting policies, accounting standards and interpretations (continued)

b) 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 yet to assess the impact of the amendment on the financial position or financial performance of the Group	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 is yet to assess the impact of the amendment 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 assess the impact of the amendment on the financial position or financial performance of the Group.	1 Jul 2019
IFRS 2 (Amendments) Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	This standard amends to IFRS 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions.	1 Jan 2018	The Group is yet to assess the impact of the amendment on the financial position or financial performance of the Group.	1 July 2018

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Aconex Limited and its controlled entities as at and for the year ended 30 June 2016. 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.

Refer to Note 26 for further information on subsidiaries.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, 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.

2. Summary of significant accounting policies (continued)

(b) Business combinations and goodwill (continued)

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.

(c) Current versus non-current classification

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.

2. Summary of significant accounting policies (continued)

(d) Income tax and other taxes

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.

2. Summary of significant accounting policies (continued)

(d) Income tax and other taxes (continued)

Other taxes

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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(e) Plant and equipment

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

Depreciation

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.

(f) Impairment of non-financial assets

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.

2. Summary of significant accounting policies (continued)

(g) 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.

i) 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:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. 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
d. 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.

2. Summary of significant accounting policies (continued)

(g) Financial instruments – initial recognition and subsequent measurement (continued)

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.

ii) 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 statement of profit or loss.

iii) 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.

2. Summary of significant accounting policies (continued)

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life 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
Amortisation method used	Amortised on a straight-line basis over the period of expected benefit.	Amortised on a straight-line basis over the period of expected future benefit.	Amortised on a straight-line basis over the period of expected future benefit.	Amortised on a straight-line basis over the period of expected future benefit.
Internally generated or acquired	Internally generated or acquired	Acquired	Acquired	Acquired

2. Summary of significant accounting policies (continued)

(i) 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.

Employee leave 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 / sabbatical 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.

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.

Gratuity benefits

A provision for gratuity is made for employees' terminal benefits on the basis prescribed under local jurisdictional labour laws based on the employees' salaries and numbers of years of service. The terminal benefits are paid to employees on termination or completion of their term of employment.

(j) Share based payment transactions

The Group operates an equity-settled employee share option plan.

Equity-settled transactions

The cost of equity-settled transactions is recognised, together with a corresponding increase in share based payments reserve in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and 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.

2. Summary of significant accounting policies (continued)

(j) Share based payment transactions (continued)

The fair value of the share options and long term incentives 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.

(k) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity date of three months or less. Cash and cash equivalents are held for working capital purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Restricted cash

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

(l) Revenue recognition

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 recognized 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 recognizes 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 recognize revenue upon the satisfaction of such criteria, as applicable.

2. Summary of significant accounting policies (continued)

(l) Revenue recognition (continued)

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.

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 recognized 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. The Group also sells the following platform license and hosting services: Aconex Smart Manuals, Aconex Field and BidContender. To date, generally software services have been sold and delivered together and as such have been treated as a single unit of accounting. Where evidence of fair value is established for the different software services, revenue is recognized 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 recognized as the services are performed, assuming all other revenue recognition criteria are met. The Group has determined that the following 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 professional, archiving services and document controller training courses. Professional support services arrangements which account for 1% of total services revenue for years ended June 30, 2016 and 2015 respectively are typically billed on a time and materials basis and recognized 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.

2. Summary of significant accounting policies (continued)

(l) Revenue recognition (continued)

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.

(m) Deferred revenue

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.

(n) Sales commissions

Sales commissions are recognised as an expense and a liability upon signing a contract with the customer based on the amount of commissions expected to be paid. The sales commission expense is recognised in the statement of comprehensive income as sales and marketing costs.

(o) Leases

The determination of whether an arrangement contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or 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.

(p) 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.

2. Summary of significant accounting policies (continued)

(p) Foreign currency (continued)

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 or loss, respectively).

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.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make significant accounting judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its significant accounting judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying value of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Provision for impairment of receivables

Included in trade receivables at balance date are amounts that may not ultimately be recoverable due to commercial disputes or changes in specific client economic circumstances. A provision for impairment has been recognised by the Group.

Share-based payment transactions

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, share price, volatility and dividend yield. The share price used as an input requires significant assumptions as to the estimate of enterprise value and methodology used to allocate value between the different classes of security.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. 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.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Development costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's 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.

4. Segment Reporting

The Group's products and services, development, sale and support of web-based and mobile collaboration, information and process management tools for capital projects are considered similar.

The chief operating decision maker is Leigh Jasper, CEO, and the Board. For management purposes, the Group is organised into four separate operating segments based on geographical location (all of these segments offer the same products and services):

a. Australia and New Zealand (**ANZ**)
b. Americas
c. Asia
d. Europe, Middle East and Africa (**EMEA**)

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

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

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

	ANZ	Asia	Americas	EMEA	Head Office	Global
	$000	$000	$000	$000	$000	$000
Year ended 30 June 2016						
Revenue						
Revenue - services	48,768	13,344	21,311	39,935	-	**123,358**
TOTAL REVENUE	**48,768**	**13,344**	**21,311**	**39,935**	**-**	**123,358**
Cost of revenues	(5,972)	(3,140)	(6,390)	(8,665)	(6,669)	**(30,836)**
GROSS PROFIT	**42,796**	**10,204**	**14,921**	**31,270**	**(6,669)**	**92,522**
GROSS PROFIT MARGIN	**88%**	**77%**	**70%**	**78%**		**75%**
Operating expenses						
Engineering and product development	-	-	-	-	(12,717)	**(12,717)**
Sales and marketing	(8,088)	(7,030)	(11,682)	(11,602)	(7,744)	**(46,146)**
General and administrative	(251)	(1,176)	(1,016)	(2,261)	(15,380)	**(20,084)**
TOTAL OPERATING EXPENSES	(8,339)	(8,206)	(12,698)	(13,863)	(35,841)	**(78,947)**
SEGMENT CONTRIBUTION	**34,457**	**1,998**	**2,223**	**17,407**	**(42,510)**	**13,575**
SEGMENT MARGIN	**71%**	**15%**	**10%**	**44%**		**11%**
Year ended 30 June 2015						
Revenue						
Revenue - services	36,246	10,227	14,655	21,319	-	**82,447**
TOTAL REVENUE	**36,246**	**10,227**	**14,655**	**21,319**	**-**	**82,447**
Cost of revenues	(3,257)	(2,317)	(4,318)	(4,564)	(5,472)	**(19,928)**
GROSS PROFIT	**32,989**	**7,910**	**10,337**	**16,755**	**(5,472)**	**62,519**
GROSS PROFIT MARGIN	**91%**	**77%**	**71%**	**79%**		**76%**
Operating expenses						
Engineering and product development	-	-	-	-	(7,445)	**(7,445)**
Sales and marketing	(7,189)	(5,309)	(8,943)	(8,580)	(5,998)	**(36,019)**
General and administrative	(469)	(1,039)	(845)	(1,633)	(13,885)	**(17,871)**
TOTAL OPERATING EXPENSES	(7,658)	(6,348)	(9,788)	(10,213)	(27,328)	**(61,335)**
SEGMENT CONTRIBUTION	**25,331**	**1,562**	**549**	**6,542**	**(32,800)**	**1,184**
SEGMENT MARGIN	**70%**	**15%**	**4%**	**31%**		**1%**

4. Segment Reporting (continued)

Reconciliation of profit

	2016 $000	2015 $000
Segment profit	13,575	1,184
Less: acquisition and integration expenses	(4,087)	-
Less: listing expense	-	(5,104)
Profit / (loss) before interest, tax, depreciation and amortisation (EBITDA)	**9,488**	**(3,920)**
Less: depreciation and amortisation	(7,531)	(4,228)
Profit / (loss) before interest and tax (EBIT)	**1,957**	**(8,148)**
Interest and financing income	381	21,248
Profit before income tax	**2,338**	**13,100**

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 year ended 30 June 2016 (2015: nil).

Geographic 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.

	2016 $000	2015 $000
Revenue by location		
Australia	47,197	35,185
United Kingdom	11,622	5,631
United Arab Emirates	13,139	8,225
United States of America	13,148	8,265
Canada	5,916	5,054
Rest of world	32,336	20,087
TOTAL REVENUE	123,358	82,447

4. Segment Reporting (continued)

Reconciliation of assets

Non-current assets for this purpose consist of property and equipment, intangible assets, restricted cash and deferred taxes.

Deferred taxes and restricted cash balances are not allocated to a specific location as they are also managed on a group basis.

	2016 $000	2015 $000
Non-current assets by location of assets		
Australia	30,505	7,957
Europe (i)	114,713	340
Rest of the world	2,100	1,032
Unallocated assets	10,118	2,445
TOTAL NON-CURRENT ASSETS	157,436	11,774

(i) Includes $98.8m of goodwill arising on the acquisition of Conject.

5. Expenses

	2016 $000	2015 $000
Cost of revenues		
Employee benefit expense	18,776	12,679
Other costs	12,060	7,249
	30,836	**19,928**
Depreciation and amortisation expense	443	608
	31,279	**20,536**
Engineering and product development		
Employee benefit expense	8,532	5,656
Other costs	4,185	1,789
	12,717	**7,445**
Depreciation and amortisation expense	4,181	2,608
	16,898	**10,053**
Sales and marketing		
Employee benefit expense	28,452	21,856
Other costs	17,694	14,163
	46,146	**36,019**
Depreciation and amortisation expense	22	14
	46,168	**36,033**
General and administrative		
Employee benefit expense	12,581	10,489
Foreign currency losses	48	1,846
Other costs	7,455	5,536
	20,084	**17,871**
Acquisition and integration expense	4,087	-
Listing expense	-	5,104
Depreciation and amortisation expense (i)	2,885	998
	27,056	**23,973**

(i) Includes amortisation of customer relationships and brands of $1.0m and $0.5m respectively (2015: nil).

Depreciation and amortisation expenses	2016 $000	2015 $000
Amortisation of development costs	4,078	2,506
Amortisation of customer relationships and brands	1,541	-
Amortisation of software and software licenses	83	124
Depreciation of plant and equipment	1,829	1,598
	7,531	**4,228**

6. Interest and finance income / (expenses)

	2016 $000	2015 $000
Interest income	386	288
Interest paid	(5)	(19)
Revaluation of derivative liability (i)	-	57,003
Class A Preference Share conversion cost (ii)	-	(28,074)
Financial instrument interest expense (iii)	-	(7,822)
Amortisation of Class A preference share transaction costs	-	(128)
	381	**21,248**

(i) Aconex realised a gain on Class A preference share extinguishment of $57,003,000 as part of the Initial Public Offering (**IPO**) in December 2014. The derivative liability, valued at $111,482,000 as at June 30, 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.

(ii) Aconex has paid $28,074,000 to the holders of Class A Preference Shares as part of the conversion of Class A Preference Shares to ordinary shares.

(iii) Financial instrument interest expense relates to the debt component of the Class A Preference Shares. Class A Preference Shares were converted to ordinary shares as part of the IPO.

7. Income tax

	2016 $000	2015 $000
a) The components of income tax expense comprises:		
Current tax	(1,940)	(1,796)
Under provision in respect of prior years	(153)	(48)
Deferred tax:		
Recognition of previously unrecognised temporary differences	5,522	192
Relating to origination of temporary differences	(31)	115
Income tax benefit / (expense) in the statement of comprehensive income	**3,398**	**(1,537)**
b) The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax expense on profit before income tax at 30%	(702)	(3,930)
Adjust for the tax effect of:		
Differential corporate tax rate	828	620
Recognition of previously unrecognised temporary differences	5,522	192
Non-deductible / assessable items:		
Compound financial instrument interest expense	-	(2,347)
Revaluation of compound financial instrument	-	17,101
Class A preference share conversion cost	-	(8,422)
Share based payments expense	(452)	(370)
Amortisation of transaction costs	-	(38)
Research and development	1,084	767
Other non-deductible items	(1,942)	(1,339)
Recoupment of prior year losses	2,906	2,175
Tax losses and temporary differences not brought to account	(3,693)	(5,898)
Under provision for income tax in prior year	(153)	(48)
Aggregate income tax benefit / (expense)	**3,398**	**(1,537)**

7. Income tax (continued)

Unrecognised deferred tax assets

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

	2016 $000	2015 $000
Temporary differences	5,365	1,952
Tax losses	20,120	16,036
Research and development tax credits	16,624	12,702

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 2016 there was no recognised deferred tax liability (2015: 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 2016 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.

Deferred tax

	Consolidated statement of financial position		Consolidated income statement	
	2016 $000	2015 $000	2016 $000	2015 $000
Net deferred tax assets comprise:				
s40-880 deductions	7,504	-	6,369	-
Carried forward losses	3,814	44	3,790	(53)
Provisions and accruals	2,462	339	2,131	187
Other temporary differences	646	613	29	173
Intangible assets	(9,915)	-	(3,645)	-
Unrealised foreign exchange gain	(3,183)	-	(3,183)	-
Net deferred tax assets	**1,328**	**996**	**5,491**	**307**

Reconciliation of deferred tax assets/liabilities:

	2016 $000	2015 $000
Deferred tax asset opening balance	996	589
Credit to income statement	5,491	307
Credit to equity	1,134	-
Foreign currency translation recognised in other comprehensive income	(24)	100
Deferred tax asset	**7,597**	**996**
Deferred tax liability opening balance	-	-
Acquired deferred tax liability (note 8)	(6,251)	-
Foreign currency translation recognised in other comprehensive income	(18)	-
Deferred tax liability	**(6,269)**	**-**
Net deferred tax asset closing balance	**1,328**	**996**

8. Business combinations

Acquisition of INCITE Keystone

On 4 August 2015, Aconex Limited entered into an Asset Sale Agreement with the CIMIC Group to acquire the INCITE Keystone platform, hire the development team currently supporting the platform, and provide services to the CIMIC Group companies to support existing projects on INCITE Keystone and support new CIMIC Group projects on the Aconex platform.

The fair values of the identifiable assets and liabilities of INCITE Keystone as at the date of the acquisition were:

	Fair value recognised on acquisition $000
Assets	
Trade receivables	520
Intangible assets: customer contracts and relationships	6,120
	6,640
Liabilities	
Trade and other payables	(47)
Provisions: employee entitlements	(216)
Deferred revenue	(473)
Deferred tax liability	(1,773)
	(2,509)
Total identifiable net assets at fair value	4,131
Goodwill arising on acquisition	2,261
Purchase consideration transferred	6,392

	Cash flow on acquisition $000
Net cash acquired with the business	-
Cash paid	(6,392)
Net cash flow on acquisition	(6,392)

From the date of acquisition, the INCITE Keystone business has contributed $5.6m of revenue and $0.9m to net profit before tax.

The goodwill recognised is primarily attributed to the expected synergies and other benefits of combining the assets and activities of the INCITE Keystone business with those of the Group. The goodwill is not deductible for income tax purposes.

8. Business combinations (continued)

Acquisition of Worksite

On 24 July 2015 Aconex Limited entered into an Asset Purchase Agreement to purchase the assets and business of Worksite, a provider of a software-as-a-service project cost management solution. Worksite was acquired from the Ares Group of Companies. The acquisition supports the Aconex offering to customers of unified cost management across the project lifecycle, including earned value management, budgeting, cost performance, and forecasting. The Worksite acquisition supports the company's strategy of continuing to expand its product functionality and global presence through both internal development and 'bolt-on' acquisition of best-of-breed technology.

The fair values of the identifiable assets and liabilities of Worksite as of the date of the acquisition were:

	Fair value recognised on acquisition $000
Intangible assets: software	3,218
Total identifiable net assets at fair value	**3,218**
Total consideration for the acquisition is as follows:	
Upfront cash consideration (USD$2,375,000)	3,218
Contingent cash consideration payable 24 July 2016 (USD$2,375,000)	3,218
Total consideration	**6,436**

	Cash flow on acquisition $000
Net cash acquired with the business	-
Cash paid	(3,218)
Net cash flow on acquisition	**(3,218)**

The total contracted amount of $6.4m includes contingent consideration of $3.2m payable upon the retention of key employees with Aconex until 24 July 2016. The contingent consideration of $3.2m has been paid on 24 July 2016.

As at 30 June 2016, $3.0m of the $3.2m contingent consideration has been capitalised as development costs in accordance with AASB 138 Intangible Assets. The remaining amount of $0.2m of the contingent consideration is to be recognised as incurred through to 24 July 2016 as per the Asset Purchase Agreement.

From the date of acquisition, Worksite has contributed no revenue, as the connected cost management software is in development, and has incurred $1.5m in expenses, which are included in the statement of comprehensive income. Prior to the acquisition, the business was part of Ares group of companies.

8. Business combinations (continued)

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 estimated cash consideration of $99.5m. Conject, incorporated in Germany, is a leading cloud and mobile collaboration service provider in Europe and other regions. Aconex acquired Conject to significantly expand its market penetration and user network throughout Europe, and further consolidate its position as a leader in the global market for cloud - based construction collaboration solutions.

The 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	3,279
Trade receivables, net	4,457
Other assets	1,530
Property, plant and equipment	258
Restricted cash	172
Intangible assets: software	6,974
Intangible assets: customer contracts and relationships	5,453
Intangible assets: brand names	4,126
	26,249
Liabilities	
Trade and other payables	(7,496)
Provisions	(1,481)
Deferred revenue	(9,975)
Loans	(950)
Deferred tax liability	(4,478)
	(24,380)
Total identifiable net assets at fair value	**1,869**
Goodwill arising on acquisition	97,578
Purchase consideration transferred	**99,447**

Total consideration for the acquisition is as follows:	
Upfront cash consideration	98,404
Estimated purchase price adjustment as at 30 June 2016	(1,905)
Estimated contingent consideration payable	2,948
Total consideration	**99,447**

	Cash flow on acquisition $000
Net cash acquired with the subsidiaries	3,279
Cash paid	(98,404)
Net cash flow on acquisition	**(95,125)**

8. Business combinations (continued)

Acquisition of Conject Holding GmbH (continued)

The net assets recognised as at acquisition date are 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 2016 financial statements were approved for issue by the Board of Directors.

The fair value of the trade receivables amounts to $4.5m. The gross amount of trade receivables is $5.5m. An impairment and credit note provision totalling $1.0m was recognised as at 31 March 2016.

A deferred tax liability of $4.5m has been recognised at 31 March 2016. This relates to the tax effect of the non-deductibility for tax purposes of the acquired intangible assets.

The goodwill recognised is primarily attributed to the expected synergies and other benefits of combining the assets and activities of the Conject business with those of the Group. Goodwill is allocated entirely to the EMEA segment. The goodwill is not deductible for income tax purposes.

From the date of acquisition, the Conject business has contributed $9.0m of revenue and $4.3m losses (including acquisition and integration costs) to net profit before tax. If the combination had taken place at the beginning of the year, revenue from continuing activities would have been $37.2m and loss before tax from continuing operations for Group would have been $5.0m (including acquisition and integration costs).

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 the acquisition date, the fair value of the contingent consideration was estimated to be $2,948,000.

Transaction costs incurred on business acquisitions

For INCITE Keystone, Worksite business and Conject acquisitions, total transaction costs of $2.8m have been incurred and included as administrative expenses in the statement of comprehensive income. Integration costs of $1.3m have been recognised for the year ended 30 June 2016 and have been included in administrative expenses.

9. 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 (after adjusting for interest on the convertible preference shares) 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:

	2016	2015
Weighted average number of ordinary shares for basic EPS	174,261,730	108,741,856
Weighted average preference shares converted to ordinary shares	-	43,438,616
Options outstanding over ordinary shares at 30 June 2016	11,657,595	-
Weighted average number of ordinary shares for diluted EPS	185,919,325	152,180,472
Net profit after tax attributable to ordinary equity holders of the Parent for basic EPS ($000's)	5,736	11,563
Effects of dilution from:		
Financial instrument interest expense ($000's)	-	7,822
Amortisation of Class A preference share transaction costs ($000's)	-	128
Revaluation of derivative liability ($000's)	-	(57,003)
Net profit / (loss) after tax attributable to ordinary equity holders of the Parent for diluted EPS ($000's)	5,736	(37,490)
Basic earnings per share	**$0.03**	**$0.11**
Diluted earnings / (loss) per share	**$0.03**	**($0.25)**

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.

10. Cash and cash equivalents

	2016 $000	2015 $000
Cash at bank and on hand	18,857	15,492
Short-term deposits	31,128	12,161
	49,985	**27,653**

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 2016, the Group held cash and cash equivalents totalling $974,403 (30 June 2015: $534,839) 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.

The cash balance above excludes restricted cash (refer to note 23b).

11. Trade and other receivables

Trade receivables	33,683	22,701
Allowance for credit notes	(862)	(1,086)
Allowance for doubtful debts	(1,913)	(1,225)
Trade receivables, net	**30,908**	**20,390**

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 2016, trade receivables of $1,913,000 (2015: $1,224,821) were impaired and fully provided for. Refer below for movements in the provision for impairment of receivables and provision for credit notes.

	Credit notes $000	Doubtful debts $000
Balance at 1 July 2014	**357**	**1,871**
Impairment provided for / (credited) to statement of comprehensive income	126	(450)
Impairment applied / (credited) to deferred revenue	553	(519)
Foreign exchange translation	50	323
Balance at 30 June 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**

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

11. Trade and other receivables (continued)

Ageing analysis

An ageing analysis of past due trade receivables as at 30 June, but not impaired is as follows:

	2016 $000	2015 $000
Trade receivables		
Within initial trade terms	16,963	12,628
Up to 30 days past due not impaired	5,443	2,736
30-60 days past due not impaired	6,001	1,779
60-90 days past due not impaired	1,780	1,297
Greater than 90 days past due not impaired	721	1,950
	30,908	**20,390**

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

12. Other assets

Prepayments, deposits and other assets (i)	8,889	5,981
Accrued income	2,242	1,099
	11,131	**7,080**

(i) Includes $1.9m estimated purchase price adjustment of the Conject acquisition (refer to note 8 for further details).

13. Plant and equipment

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

	Leasehold improvements	Furniture, fixtures & fittings	Computer equipment	Total
	$000	$000	$000	$000
Year ended 30 June 2016				
Balance at 1 July 2015	775	296	1,805	2,876
Acquired	66	20	172	258
Additions	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**
Year ended 30 June 2015				
Balance at 1 July 2014	866	343	1,556	2,765
Additions	141	74	1,265	1,480
Disposals	(1)	-	(1)	(2)
Exchange differences	44	14	173	231
Depreciation expense	(275)	(135)	(1,188)	(1,598)
Balance at 30 June 2015	**775**	**296**	**1,805**	**2,876**
As at 30 June 2015				
Cost	1,873	1,298	6,708	9,879
Accumulated depreciation	(1,098)	(1,002)	(4,903)	(7,003)
Net carrying amount	**775**	**296**	**1,805**	**2,876**

14. Intangible assets

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

	Software and software licenses $000	Development costs $000	Brands $000	Customer relationships $000	Goodwill $000	Total $000
Year ended 30 June 2016						
Balance at 1 July 2015	89	6,344	-	-	20	6,453
Acquired	47	10,145	4,126	11,573	-	25,891
Internally developed	-	10,072	-	-	-	10,072
Contingent consideration	-	2,980	-	-	-	2,980
Additions	202	-	-	-	99,839	100,041
Exchange differences	(10)	93	64	87	1,263	1,497
Amortisation expense	(83)	(4,078)	(532)	(1,009)	-	(5,702)
Balance at 30 June 2016	**245**	**25,556**	**3,658**	**10,651**	**101,122**	**141,232**
As at 30 June 2016						
Cost	3,564	57,580	4,180	11,644	101,122	178,090
Accumulated amortisation	(3,319)	(32,024)	(522)	(993)	-	(36,858)
Net carrying amount	**245**	**25,556**	**3,658**	**10,651**	**101,122**	**141,232**
Year ended 30 June 2015						
Balance at 1 July 2014	113	4,352	-	-	20	4,485
Internally developed	-	4,498	-	-	-	4,498
Acquired	307	-	-	-	-	307
Disposals	(207)	-	-	-	-	(207)
Amortisation expense	(124)	(2,506)	-	-	-	(2,630)
Balance at 30 June 2015	**89**	**6,344**	**-**	**-**	**20**	**6,453**
As at 30 June 2015						
Cost	3,081	34,292	-	-	20	37,393
Accumulated amortisation	(2,992)	(27,948)	-	-	-	(30,940)
Net carrying amount	**89**	**6,344**	**-**	**-**	**20**	**6,453**

14. Intangible assets (continued)

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

	2016 $000	2015 $000
EMEA	98,841	-
ANZ	2,281	20
	101,122	**20**

The Group performed its annual impairment test in June 2016 and no impairment is required.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

EMEA

The recoverable amount of this unit has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projections is 15.1% (2015: N/A) and cash flows beyond the five year period are extrapolated using a growth rate of 5% (2015: N/A).

ANZ

The recoverable amount of this unit has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management covering a five year period. The pre-tax discount rate applied to cash flow projections is 15.1% (2015: N/A) and cash flows beyond the five year period are extrapolated using a growth rate of 3% (2015: N/A).

The key assumptions are those to which the unit's recoverable amount is most sensitive are:

- Revenue growth and terminal growth rate estimate
- Discount rates

Revenue growth and terminal growth rate – revenue growth is based on FY17 budget and revenue growth rates built into management's three year business plan. Revenue growth beyond the 3 year forecast period is based on management's best estimate of revenue growth within the CGU taking into account global construction industry output forecasts. Terminal growth rate of 5% for EMEA is estimated to be above the more moderate rate of 2-3% reflecting the assumption that the respective CGU is not expected to have reached its long term sustainable level of growth in the forecast period.

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. Further changes to the discount rate may be necessary in the future to reflect changing risks for the Company's WACC, industry and CGU.

For both CGUs, there is no reasonably possible change in the key assumptions that would cause the carrying amounts to exceed their recoverable amounts.

15. Loans and borrowings

	2016 $000	2015 $000
CURRENT		
Loan	32	-
NON-CURRENT		
Loan	933	-
	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 $1,045,099 (€700,000) loan outstanding at year-end, $746,499 (€500,000) is interest free and has been fair valued at acquisition and year-end. The remaining loan balance incurs $3.02% p.a.

16. Trade and other payables

CURRENT		
Trade payables	5,078	1,620
Sundry payables and accrued expenses	22,189	13,588
	27,267	**15,208**
NON-CURRENT		
Sundry payables and accrued expenses	589	820
	27,856	**16,028**

Terms and conditions of current trade and other payables:

i. Trade and other payables are non-interest bearing and normally settled on 30 day terms.
ii. Due to the short term nature of these payables, carrying value is assumed to approximate their respective fair values.

Terms and conditions of non - current trade and other payables:

iii. 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.

17. Deferred revenue

CURRENT		
Deferred revenue	62,745	48,001
NON-CURRENT		
Deferred revenue	28,497	33,110
	91,242	**81,111**

Deferred revenue represents the billed but unearned portion of existing contracts for services to be provided throughout the duration of the contract.

18. Provisions

	2016 $000	2015 $000
CURRENT		
Annual leave	4,891	2,967
Long service leave / sabbatical leave	1,221	1,105
Gratuity benefits	1,494	1,113
Lease incentive (a)	140	101
Make good provision (a)	48	40
	7,794	5,326
NON-CURRENT		
Long service leave	562	377
Lease incentive (a)	775	644
Make good provision (a)	372	140
Onerous lease	400	-
	2,109	1,161

(a) 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 (b)(Valu) $000	Make good provision (b)(ii) $000	Total $000
As at 1 July 2014	**812**	**171**	**983**
Additional provision	16	6	22
Provision unwound	(98)	(7)	(105)
Foreign exchange translation	15	10	25
Balance at 30 June 2015	**745**	**180**	**925**
Acquired	-	103	103
Additional provision	307	149	456
Provision unwound	(133)	(8)	(141)
Foreign exchange translation	(4)	(4)	(8)
Balance at 30 June 2016	**915**	**420**	**1,335**

(b) Nature and timing of provisions

i. A provision has been made in respect of lease incentives to recognise total lease payments evenly over the term of the lease.
ii. 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.

19. Contingent consideration

	Notes	2016 $000	2015 $000
CURRENT			
Contingent consideration	8	2,980	-
NON-CURRENT			
Contingent consideration	8	2,948	-
		5,928	**-**

20. Issued capital

	2016 No.	2016 $000
Fully paid ordinary shares	195,311,838	197,815

	2015 No.	2015 $000
Fully paid ordinary shares	164,875,333	60,262

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.

20. Issued capital (continued)

a) Ordinary shares

	No.	$000
As at 30 June 2014	**102,483,442**	**8,663**
Shares issued during the year	26,315,789	50,000
Exercise of share options	2,322,959	2,663
Issue of shares as contingent consideration	875,000	1,134
Issue of shares to director and employees	21,000	40
Class A preference shares converted to ordinary shares (i)	32,857,143	-
Transaction costs	-	(2,238)
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**

(i) 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 is recognised as other contributed equity in note 20(b).

At 30 June, 2016, 11,657,595 options existed over new shares in the company (2015: 14,033,039).

b) Other contributed equity

As at 30 June 2015 and 30 June 2016	**62,429**

21. Reserves

a) Movement and balance of reserves

	Share based payment reserve $000	Foreign currency translation reserve $000	Treasury reserve $000	Total $000
As at 1 July 2014	2,197	(1,325)	-	872
Foreign currency translation	-	(2,745)	-	**(2,745)**
Share based payment	1,194	-	-	**1,194**
As at 30 June 2015	**3,391**	**(4,070)**	**-**	**(679)**
Foreign currency translation	-	1,286	-	**1,286**
Share based payment	1,506	-	-	**1,506**
Treasury shares payment	-	-	(2,467)	**(2,467)**
As at 30 June 2016	**4,897**	**(2,784)**	**(2,467)**	**(354)**

b) Foreign currency translation reserve

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

c) 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.

d) Treasury reserve

The treasury reserve is used to own shares held by the Company. During the year ended 30 June 2016, 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.

22. 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.

The fair value of 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.

22. Share based payments (continued)

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 consists of restricted shares and restricted share options, known collectively as **LTI Awards**.

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 50th percentile	Nil
At 50th percentile	65%
> 50th percentile / < 75th percentile	Straight-line between 65% and 100%
At or above 75th percentile	100%

The fair value of the 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.

22. Share based payments (continued)

a) 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 2014	**14,902,409**	**1.12**	**-**	**-**	**14,902,409**	**1.12**
Granted	1,805,650	1.90	-	-	1,805,650	1.90
Exercised[1]	(2,322,959)	1.15	-	-	(2,322,959)	1.15
Forfeited	(180,124)	1.13	-	-	(180,124)	1.13
Expired or lapsed	(171,667)	1.38	-	-	(171,667)	1.38
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**
Options vested but not expired at 30 June 2016	**7,558,689**	**1.17**	**-**	**-**	**7,558,689**	**1.17**
Options vested but not expired at 30 June 2015	8,204,625	1.09	-	-	8,204,625	1.09

[1]The weighted average share price at the date of exercise of these options was $4.96 (2015: $1.78).

22. Share based payments (continued)

b) 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 2016 and 30 June 2015.

	2016			2015
	ESOP	LTI Plan – Restricted Options	LTI Plan – Restricted Shares	ESOP
Expected life on options:	2.5 – 5 years	4 years	N/A	5 – 6 years
Underlying share price:	$3.48 - $3.98	$4.15 - $8.07	$4.15 - $8.07	$1.30 - $2.57
Exercise price on options:	$3.48 - $3.98	$ 3.98 - $5.69	N/A	$1.30 - $3.00
Expected share price volatility:	32%	32% - 34%	32% - 34%	32% - 40%
Risk-free interest rate:	1.90% - 2.30%	1.55% - 2.23%	1.55% - 2.23%	2.39% - 3.12%
Model used	Black-Scholes	Monte-Carlo	Monte-Carlo	Black-Scholes
Weighted average fair value	$0.83	$1.50	$3.91	$0.49

The weighted average remaining contractual life of options outstanding at year end was 3.06 years (2015: 4 years).

The range of exercise prices for options outstanding at the end of the year was $0.95 to $5.69 (2015: $0.95 to $3.00).

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.

c) 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:

	2016 $000	2015 $000
Expense arising from share-based payment transactions	1,506	1,194
Issue of ordinary shares to non-executive director	-	30
Issue of ordinary shares to employees	-	10
Total expense arising from share-based payment transactions	1,506	1,234

23. Commitments and contingencies

a) *Operating lease commitments*

	2016 $000	2015 $000
Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:		
Payable – minimum lease payments		
- not later than 12 months	4,640	1,834
- between 12 months and 5 years	10,472	3,100
- later than 5 years	1,123	-
	16,235	4,934

General description of leasing arrangements:

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

b) *Guarantees*

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	1,472	680
Customer service agreements	1,050	769
	2,522	1,449

c) *Other Commitments*

The Company has entered into an agreement with Computer Sciences Corporation (CSC), a global provider of information technology and professional services, to provide Infrastructure as a Service (IaaS) for five years. The contract value is projected to be $3.6m over the next two years. Aconex can terminate the contract for convenience at any time for a small penalty based on a discount given for the length of the contract that remains unserved.

d) *Contingencies*

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 $1,067,148 (2015: $1,161,287) 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 recognized a provision in its accounts at 30 June 2016 for $213,000 (2015: $232,000) 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 2016. 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.

24. Auditors' remuneration

The auditor of Aconex Limited is Ernst & Young Australia.

	2016 $	2015 $
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	519,600	503,600
Taxation services	294,425	210,165
Acquisition due diligence services	113,255	-
Initial public offering	-	1,107,462
Other assurance services	140,000	-
	1,067,280	**1,821,227**
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	271,486	95,319
Tax compliance	109,844	46,152
Other non-audit services	10,977	23,237
	392,307	164,708
	1,459,587	**1,985,935**
Amounts received or due and receivable by non-Ernst & Young audit firms for:		
Review of the financial report	83,344	19,759
Taxation services	9,680	2,850
Other non-audit services	83,933	24,751
	176,957	**47,360**

25. Parent entity information

Information relating to Aconex Limited:

	2016 $000	2015 $000
Current assets	51,014	31,284
Total assets	211,999	59,812
Current liabilities	35,168	28,824
Total liabilities	50,053	43,194
Issued capital	197,815	60,252
Other contributed equity	62,429	62,429
Accumulated losses	(100,727)	(109,454)
Share option reserve	4,896	3,391
Treasury reserve	(2,467)	-
Total shareholders' equity	**161,946**	**16,618**
Profit of the parent entity	8,725	19,049
Other comprehensive income	-	-
Total comprehensive profit of the parent entity	8,725	19,049
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	-	-

26. Related party disclosures

a) Subsidiaries

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

		Percentage owned (%)	
	Country of incorporation	2016	2015
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	N/A
Conject AG	Germany	100	N/A
Conject Limited	United Kingdom	100	N/A
Conject Services Pte. Limited	Singapore	100	N/A
BIW Technologies LLC	USA	100	N/A
OOO Conject	Russia	100	N/A
Wapp6 SAS	France	100	N/A

26. Related party disclosures (continued)

a) *Subsidiaries (continued)*

*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 govern the financial and operating policies of the companies by virtue of an agreement with its local partners. 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.

b) *Key management personnel as at 30 June 2016*

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 (appointed September 11, 2015)

Executives	Title
Stephen Recht	Chief Financial Officer
Paul Perrett	Chief Operating Officer

c) *Compensation of key management personnel*

	2016 $000	2015 $000
Short-term employee benefits	2,457,728	2,252,847
Long-term employee benefits	16,490	15,130
Post-employment benefits	128,444	115,534
Share-based payment expense	257,893	306,290
Total compensation	**2,860,555**	**2,689,801**

d) *Other related parties*

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

		Transaction value year ended 30 June		Balance outstanding as at 30 June	
Key management person related parties	Transaction	2016 $	2015 $	2016 $	2015 $
Rob Phillpot					
Melbourne Office Furniture	Office furniture	71,551	2,744	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.

27. Financial instruments

a) *Financial risk management*

The Group's financial instruments consist mainly of deposits with banks, investments and accounts receivable, accounts payable, loans and contingent consideration.

Financial risks

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

b) *Interest rate risk*

Interest rate risk is managed with fixed and floating rate financial instruments. The Group's exposure to interest rate risk is disclosed in note 27(g).

c) *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. 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 exposure. The Group's major exposures to foreign currencies are disclosed in note 27(j).

d) *Liquidity risk*

The Group manages liquidity risk by monitoring forecast cash flows. The maturity analysis for the contractual remaining life of financial liabilities is disclosed in note 27(h).

e) *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 4.3% of the outstanding debtors balance at 30 June 2016 (30 June 2015: 2.7%). The amounts outstanding were received prior to the date of this report.

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-.

27. Financial instruments (continued)

f) Commodity price risk

The Group is not exposed to any material commodity price risk.

g) Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates is as follows:

	Floating interest rate		Fixed interest rate		Total	
	2016	2015	2016	2015	2016	2015
	$000	$000	$000	$000	$000	$000
Consolidated group						
Financial assets:						
Cash	18,857	15,492	31,128	12,161	**49,985**	**27,653**
Restricted cash	-	-	2,522	1,449	**2,522**	**1,449**
Total	**18,857**	**15,492**	**33,650**	**13,610**	**52,507**	**29,102**
Financial liabilities:						
Loans and borrowings	-	-	(219)	-	**(219)**	**-**
Total	**-**	**-**	**(219)**	**-**	**(219)**	**-**
Net exposure	**18,857**	**15,492**	**33,431**	**13,610**	**52,288**	**29,102**

27. Financial instruments (continued)

h) Liquidity risk – maturity analysis

The following are the contractual maturities of liquid 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 2016						
Financial assets						
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	-
Financial liabilities						
Loans and borrowings	(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)**
Year ended 30 June 2015						
Financial assets						
Cash and cash equivalents	27,653	27,653	27,653	-	-	-
Restricted cash	1,449	1,449	-	295	1,154	-
Trade and other receivables	20,390	20,390	20,390	-	-	-
	49,492	49,492	48,043	295	1,154	-
Financial liabilities						
Trade and other payables	(16,028)	(16,028)	(15,208)	(820)	-	-
Net inflow / (outflow)	**33,464**	**33,464**	**32,835**	**(525)**	**1,154**	**-**

i) Net fair values

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.

27. Financial instruments (continued)

j) Foreign currency risk

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 operations.

Net Financial Assets / (Liabilities) in AUD ($000)

	USD $000	GBP $000	EUR $000	CAD $000	Other $000
Year ended 30 June 2016					
Financial assets					
Cash	2,208	-	393	-	-
Receivables	2,757	-	415	-	1,110
Financial liabilities	-	-	-	-	-
Trade payables	(248)	-	(14)	-	(33)
Net intercompany payables	(22,573)	(4,032)	(472)	(4,421)	(2,447)
Net foreign exchange exposure	**(17,856)**	**(4,032)**	**322**	**(4,421)**	**(1,370)**
Year ended 30 June 2015					
Financial assets					
Cash	2,394	-	702	-	-
Receivables	2,378	3	418	-	835
Financial liabilities					
Trade payables	(85)	-	-	-	-
Net intercompany payables	(13,638)	(1,620)	(2,276)	(4,348)	(7,604)
Net foreign exchange exposure	**(8,951)**	**(1,617)**	**(1,156)**	**(4,348)**	**(6,769)**

k) Sensitivity analysis

Interest rate risk and foreign currency risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest rate sensitivity analysis

A change of 1 per cent in interest rates at year end would have impacted equity and profit by the amounts shown below, based on what management considers to be a reasonably possible change in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2016 $000	2015 $000
Change in equity		
- Increase in interest rates by 1%	115	83
- Decrease in interest rates by 1%	(115)	(83)
Change in profit		
- Increase in interest rates by 1%	115	83
- Decrease in interest rates by 1%	(115)	(83)

27. Financial instruments (continued)

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 2016 $000	2015 $000
Change in profit		
Improvement AUD to USD by 10%	990	620
Decline in AUD to USD by 10%	(1,210)	(758)
Improvement AUD to CAD by 10%	271	268
Decline in AUD to CAD by 10%	(331)	(328)
Improvement AUD to GBP by 10%	242	97
Decline in AUD to GBP by 10%	(296)	(119)
Improvement AUD to EUR by 10%	23	63
Decline in AUD to EUR by 10%	(28)	(76)
Change in equity		
Improvement AUD to USD by 10%	990	620
Decline in AUD to USD by 10%	(1,210)	(758)
Improvement AUD to CAD by 10%	271	268
Decline in AUD to CAD by 10%	(331)	(328)
Improvement AUD to GBP by 10%	242	97
Decline in AUD to GBP by 10%	(296)	(119)
Improvement AUD to EUR by 10%	23	63
Decline in AUD to EUR by 10%	(28)	(76)

l) Capital management

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, preference shares and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

28. Events after the reporting period

On 24 July 2016, in accordance with the terms of the Worksite acquisition, a payment of $3.2m (US$2.4m) was made to Ares Management LLC.

There have been no other significant events since the end of financial year 2016.

Aconex Limited and controlled entities
ABN 49 091 376 091

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 2016 are in accordance with the *Corporations Act 2001*, including:

   i. Giving a true and fair view of its financial position as at 30 June 2016 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 2.2

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 2016

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Independent auditor's report to the members of Aconex Limited

Report on the financial report

We have audited the accompanying financial report of Aconex Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit 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.

Opinion
In our opinion:

a. the financial report of Aconex Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. 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.

Opinion
In our opinion, the Remuneration Report of Aconex Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David McGregor
Partner
Melbourne
22 August 2016

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 17 August 2016.

Distribution of equity shares

Ordinary share capital
195,321,890 fully paid ordinary shares are held by 5,224 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

Options
11, 898, 086 options are held by 213 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	1,572	3
1,001-5,000	2,382	66
5,001-10,000	692	36
10,001-100,000	482	85
>100,001	96	23

Substantial shareholders

Holder Name	Number	%
J P MORGAN NOMINEES AUSTRALIA LIMITED	43,695,934	22.371%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,117,670	10.812%
NATIONAL NOMINEES LIMITED	14,043,978	7.190%
CITICORP NOMINEES PTY LIMITED	12,595,636	6.449%
MR ROBERT WILLIAM PHILLPOT	11,192,434	5.730%

Twenty largest holders of quoted equity securities

Holder Name	Number	%
J P MORGAN NOMINEES AUSTRALIA LIMITED	42,818,488	21.905%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,140,951	10.815%
NATIONAL NOMINEES LIMITED	14,042,874	7.184%
CITICORP NOMINEES PTY LIMITED	12,791,949	6.544%
MR ROBERT WILLIAM PHILLPOT	11,192,434	5.726%
LANDRIZA HOLDINGS PTY LTD <LANDRIZA FAMILY A/C>	7,401,605	3.787%
MUTUAL TRUST PTY LTD	6,004,738	3.072%
BNP PARIBAS NOMS PTY LTD <DRP>	4,240,070	2.169%
MRS ANDREA ELIZABETH JASPER	4,107,273	2.101%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,760,875	1.924%
RADIATA INVESTMENTS PTY LTD <RUDIE SYPKES FAMILY A/C>	3,464,755	1.773%
MR CHARLES SITCH	3,000,000	1.535%
JASPER NOMINEES PTY LTD <K S JASPER FAMILY FUND A/C>	2,012,048	1.029%
FLEWIS HOLDINGS PTY LTD <THE LEWIS FAMILY TRUST A/C>	1,909,285	0.977%
RYE HOLDINGS PTY LTD	1,751,605	0.896%
SOLIUM NOMINEES (AUSTRALIA) PTY LTD <VSA A/C>	1,587,852	0.812%
MR HUGH TREVENEN JOHNSTON	1,341,327	0.686%
SINWIL ASSOCIATES NO 2 PTY LTD <SINWIL ASSOC S/F NO 2 A/C>	1,096,605	0.561%
NATIONAL NOMINEES LIMITED <N A/C>	1,077,032	0.551%
MR SIMON ANTHONY YENCKEN	1,011,917	0.518%

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 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
Annual General Meeting	The 2016 Annual General Meeting of Aconex Limited will be held at Herbert Smith Freehills, Level 42, 101 Collins Street, Melbourne, Victoria 3000, on 25 October 2016.

About Aconex

Aconex Limited provides a leading cloud and mobile collaboration platform for the global construction industry. 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. With more than 60,000 user organisations 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, including global 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.

aconex.com

aconex

Connecting teams project-wide.