Connecting teams project-wide.

Appendix 4D

For the half-year ended 31 December 2017

Aconex Limited

ABN 49 091 376 091

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2017

(Previous corresponding period: half-year ended 31 December 2016)

	31 December 2017 $000's	31 December 2016 $000's		Change $000's	Change %
Revenue from ordinary activities	86,864	77,032	Up	9,832	12.8
EBITDA from core operations	9,101	7,371	Up	1,730	23.5
EBIT from core operations	1,997	3,143	Down	(1,146)	(36.5)
NPAT from core operations	2,003	3,398	Down	(1,395)	(41.1)
Loss from ordinary activities after tax attributable to members	(2,950)	(3,528)	Up	578	16.4
Loss attributable to members	(2,950)	(3,528)	Up	578	16.4

For the six months ended 31 December 2017, Aconex Group revenue grew 13% to $86.9m. Underlying growth was 14% on a constant currency basis.

Gross margins improved from 73% in 2016 to 76% in 2017 as a result of improved efficiency in offshore markets and continued sales growth.

The Aconex Group recorded EBITDA from core operations of $9.1m for the six months ended 31 December 2017, a $1.7m uplift on the prior corresponding period. The improvement in EBITDA reflects the Group's growing revenue base.

For a reconciliation of statutory profit to profit from core operations for the half year 31 December 2017 and 31 December 2016, please refer to the 31 December 2017 Half Year Financial Report. Commentary on the results for the half-year is also contained in the 31 December 2017 Half Year Financial Report.

Dividend information

Aconex Limited has not paid, and does not propose to pay dividends, for the half-year ended 31 December 2017 (2016: nil).

Net tangible asset information

	30 June 2017 cents	31 December 2016 cents
Net tangible assets / (liabilities) per security	(20.0)	(21.2)

Other information required by Listing Rule 4.3A

Commentary on the results and other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 31 December 2017 Half Year Report. Information should be read in conjunction with Aconex Limited's 31 December 2017 Half Year Report. This report is based on the Consolidated Financial Statements for the half-year ended 31 December 2017 which has been reviewed by Ernst & Young with the Independent Auditor's Review Report included in the 2017 Consolidated Financial Statements.

Half-year Financial Report for the six months ended 31 December 2017

Aconex Limited
ABN 49 091 376 091
Half-year financial report for the six months ended 31 December 2017

CONTENTS

OPERATING AND FINANCIAL REVIEW

1. Financial and operating performance

References to '2016' and '2017' relate to the six months ended 31 December 2016 and 31 December 2017, respectively, unless otherwise stated. The 'Group' or the 'Company' refers to the consolidated entity, consisting of Aconex and its subsidiaries.

1.1 Group summary financial results from core operations

A summary of financial results from core operations for the six months ended 31 December 2017 is set out below. As a growth business, the Group views revenue, EBITDA and cash as its primary measures of financial performance.

This report refers to non-IFRS financial information. Refer to section 1.2 for a reconciliation of non-IFRS financial measures to the results reported in the reviewed financial statements.

Results from core operations ($m)	Six months ended 31 Dec 2016	Six months ended 31 Dec 2017	Change
Revenue	77.0	86.9	13%
Cost of revenues	(20.6)	(21.3)	(3%)
Gross profit	56.4	65.6	16%
Direct expenses (sales and marketing)	(28.6)	(33.9)	(18%)
Contribution margin	27.8	31.7	14%
Operating expenses	(20.4)	(22.6)	(11%)
EBITDA from core operations	7.4	9.1	23%
Depreciation expense	(1.4)	(1.8)	(29%)
Amortisation expense (excluding acquired intangibles)	(2.9)	(5.3)	(83%)
EBIT from core operations	3.1	2.0	(35%)
NPAT from core operations	3.4	2.0	(41%)

Revenue

Total revenue for the six months ended 31 December 2017, rose 13% to $86.9m from $77.0m in 2016. Revenue was $87.8m in 2017 on a constant currency basis[1], an increase of 14% when compared to the prior corresponding period, reflecting a currency impact of $0.9m.

The increase in revenue was primarily a result of strong international growth, particularly in the high-growth markets of Asia and the Americas, as well as the ongoing transition of project customers to enterprise agreements.

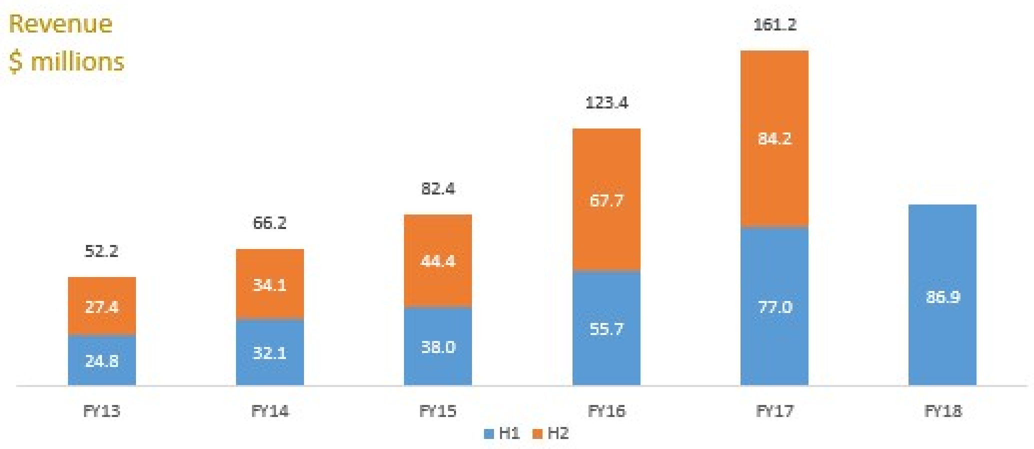
International revenue increased 14% to $59.1m (16% on a constant currency basis) and now accounts for 68% of the Group's revenue base. Growth was particularly strong in the US, up 26% on the prior corresponding period (31% on a constant currency basis).

Revenue from enterprise agreements grew 3% from 44% in 2016 to 47% in 2017. Enterprise agreements now account for 69% of ANZ revenue, a 4% uplift on the six months to 31 December 2016.

[1]*Constant currency growth based on weighted average exchange rates for the six months ended 31 December 2016.*

1. Financial and operating performance (continued)

Graph 1: Aconex Group revenue



EBITDA from core operations

The Group delivered EBITDA from core operations of $9.1m for the six months ended 31 December 2017, a $1.7m uplift on the prior corresponding period. EBITDA margins increased 0.9% to 10.5% in 2017. The pickup in profitability was primarily driven by solid revenue growth and improved client service delivery.

Gross margins

Excluding depreciation and amortisation expenses, the Group's cost of revenues increased 3% from $20.6m in 2016 to $21.3m in the six months to 31 December 2017. Gross margins lifted 3% from 73% in 2016 to 76% in 2017 as a result of improved operating leverage in offshore markets and sales growth.

Direct expenses (sales and marketing)

The Group continued to invest in sales and marketing, particularly in the high growth markets of Asia and the Americas. Investment increased to $33.9m in the six months to 31 December 2017, an 18% uplift on the prior corresponding period.

Operating expenses

Operating expenses were $22.6m for the six months ended 31 December 2017, up $2.2m from $20.4m in the prior corresponding period.

To drive yield and extend its competitive advantage, the Group continued to reinvest its profits and free cash into engineering and product development. Cash investment in R&D (including capitalised development costs) increased to $18.7m, up 13% from $16.5m in 2016. As a percentage of revenue, R&D cash spend was 21.5%, consistent with the prior corresponding period. Capitalised costs fell 3% from 44% in 2016 to 41% in the six months to 31 December 2017,

R&D cash spend $ millions	Six months ended 31 Dec 2016	Six months ended 31 Dec 2017
R&D expense (excluding depreciation and amortisation)	9.2	11.0
Capitalised R&D (per note 6)	7.3	7.7
Total cash spend on R&D	16.5	18.7
% of revenue	21.4%	21.5%

1. Financial and operating performance (continued)

Performance by region

Table 1 provides a summary of the Group's revenue and operating contributions by region. In the six months to 31 December 2017, Aconex continued to invest profits earned in the more mature regions of ANZ and the Middle East, into those with high-growth potential, particularly the Americas and Asia. During the period all regions delivered positive operating contributions.

Table 1: Regional performance summary for six months ended 31 December 2017

Region	Revenue $ millions	Revenue growth YoY (%)	Revenue growth YoY (%) (Constant currency)	Contribution $ millions	Contribution margin %
ANZ	**27.8**	**9.9%**	**10.4%**	**20.0**	**72%**
Americas	14.7	26.4%	31.3%	2.7	18%
Asia	8.7	18.8%	21.6%	2.1	25%
EA	23.7	15.1%	12.1%	8.5	36%
ME	12.0	(1.9%)	3.3%	5.9	49%
International	**59.1**	**14.1%**	**16.0%**	**19.2**	**32%**
HO					
Total	86.9	12.8%	13.9%	39.2	45%

ANZ
Revenue increased 10% due to new business as well as the ongoing transition of project customers to enterprise agreements. In ANZ, enterprise agreements now represent 69% of the region's revenue base. Operating contributions increased slightly in the six months to 31 December 2017, up 1% to 72%.

Americas
In the six months to 31 December 2017, strong performance in the US drove a 26% uplift in revenue or 31% on a constant currency basis. Operating leverage improved, and led to a 6% uplift in the region's contribution margin which increased from 12% in 2016 to 18% in 2017.

Asia
In Asia, revenue increased 19% (22% on a constant currency basis) up from $7.3m in 2016 to $8.7m in 2017. Solid growth in China led by key customer wins in the government and infrastructure sectors contributed to the uplift.

Europe & Africa (EA)
Revenue in Europe increased 15% (12% on a constant currency basis) from $20.6m in 2016 to $23.7m in 2017. Performance was strong in the UK primarily due to key account wins in the infrastructure sector. Contribution margins reduced slightly as a result of increased investment in sales and marketing in the region.

Middle East (ME)
Revenue in the Middle East was $12.0m in the six months to 31 December 2017, marginally lower than the $12.2m achieved in the prior corresponding period. Performance in the UAE was strong, offset by lower than expected revenue in Saudi Arabia and Qatar, due to a delay in the timing of contracts and ongoing volatility in the oil sector which impacted investment in the region.

1. Financial and operating performance (continued)

Cash and financial position

Cash

The cash balance was $26.9m as at 31 December 2017, including restricted cash of $2.6m, down $7.0m from 30 June 2017. Net cash flows from core operations were $0.1m in the six months to 31 December 2017 compared to $5.4m in the prior corresponding period. The reduction in net operating cash flows was largely due to working capital movements of $10.5m. Trade receivables increased $6.8m due to the timing of customer invoicing and payments, and current trade payables fell $3.7m due to the payment of annual bonuses. Adjusting for seasonality of annual bonus payments and increased trade receivables, the Group was cash flow positive.

Gross cash receipts increased 5% from $83.8m in 2016 to $87.7m in 2017. Cash receipts in 2017 grew less than revenue as a result of the timing of invoicing and customer receipts which increased the Group's trade receivables balance.

Deferred revenue

In the six months to 31 December 2017, deferred revenue balance increased to $85.2m, up $2.2m from $83.0m as at 30 June 2017. The uplift reflects increased sales growth, offset by the ongoing unwind of the Group's 100% upfront contracts which were used to fund growth in prior years.

1.2 Non-IFRS financial information

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

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

These measures are used internally by Management to assess the performance of the business and make decisions on the allocation of resources, and are included in this report to provide greater understanding of the underlying financial performance of the Group's operations. When reviewing business performance, this non-IFRS information should be used in addition to, and not as a replacement of, measures prepared in accordance with IFRS. The non-IFRS information has not been subject to audit or review by Aconex's external auditor. The non-IFRS measures do not have any standard definition under IFRS and may be calculated differently by other companies. A reconciliation of these measures with the results reported in the financial statements is set out in table 2 below.

Significant items

Aconex reported a statutory net loss after tax of $2.9m for the six months ended 31 December 2017 compared with a net loss after tax of $3.5m for the six months ended 31 December 2016. The statutory results were impacted by a number of significant items, which included:

- In the six months to 31 December 2017, Aconex incurred $0.8m of costs related to the Oracle acquisition (announced to the ASX on 18 December 2017). These costs have been accrued and expensed in the reporting period however only $0.2m of costs were paid in the six months to 31 December 2017.
- One-off integration expenses of $3.5m related to the Conject acquisition were incurred in the six months ended 31 December 2016. There were no further integration expenses in the six months ended 31 December 2017 in relation to this acquisition.
- Amortisation expenses of $3.9m (2016: $3.4m) related to acquired intangible assets were incurred in the six months to 31 December 2017. This is a non-cash expense and includes amortisation of acquired customer relationships, brands and software.
- Foreign currency losses totalling $0.2m were incurred in 2017 from intra-group loans (2016: nil).

1. Financial and operating performance (continued)

Table 2: A reconciliation of non-IFRS measures with the results reported in the financial statements

Reconciliation to core operations ($000s)	31 Dec 2016	31 Dec 2017
Significant items		
Business integration expenses – Conject acquisition	3,546	-
Oracle acquisition expense	-	797
Foreign currency losses / (gains)	(40)	207
Amortisation of acquired intangibles	3,380	3,949
Total significant items (pre-tax)	6,886	4,953
Income tax benefit	-	-
Total significant items (post-tax)	6,886	4,953
Reported EBIT	(3,783)	(2,958)
Add: Significant items pre-tax	6,886	4,953
EBIT from core operations	3,103	1,995
Add: Depreciation and amortisation expense (excl. acquired intangibles)	4,268	7,106
EBITDA from core operations	7,371	9,101
Reported net profit (loss) after tax	(3,528)	(2,950)
Add: Significant items post-tax	6,886	4,953
Net profit after tax from core operations	3,358	2,003
Reported net operating cash flows	905	(1,191)
Add: Integration costs paid – Conject acquisition[1]	4,470	1,157
Add: Oracle acquisition costs paid	-	158
Net operating cash flows from core operations	5,375	124

[1]*In the six months to 31 December 2017, payments relating to integration costs were $1.2m (2016: $4.5m). The timing of acquisition and integration payments is different to the timing of the expenses incurred.*

DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2017.

Directors

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

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

Principal activities

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

Aconex provides a leading cloud collaboration platform for digital project delivery. This platform connects owners, contractors and their project teams in the construction, infrastructure, and energy and resources sectors, providing project-wide visibility and control between the many different organisations collaborating across their projects. With more than 80,000 user organisations in 80 countries, Aconex is the construction industry's most widely adopted and trusted collaboration platform. Founded in 2000 and headquartered in Melbourne, Aconex has 48 offices in 29 countries around the world.

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

Significant changes in the state of affairs

On 18 December 2017, Aconex entered into a binding Scheme Implementation Deed with Oracle (NYSE: ORCL) under which it is proposed that Oracle will acquire 100% of the shares in Aconex by way of a Scheme of Arrangement (the Scheme) for A$7.80 in cash per share.

Significant events after reporting period

On 12 February 2018, Aconex issued the Scheme Booklet which contains information relating to the Scheme, including the rationale for the Directors' unanimous recommendation as well as details of the Scheme Meeting. The Scheme Booklet includes the Independent Expert's Report. The Independent Expert, Deloitte Corporate Finance Pty Ltd, has concluded that the Scheme is fair and reasonable and therefore, is in the best interests of Aconex shareholders, in the absence of a superior proposal.

Shareholders will be given the opportunity to vote on the Scheme at a Scheme Meeting to be held on 14 March 2018. Subject to the conditions of the Scheme being satisfied, the Scheme is expected to be implemented by April 2018.

In the Directors' opinion, there have been no other significant events since 31 December 2017.

Dividends

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

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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 23.

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

Mr Adam Lewis Chairman	Mr Leigh Jasper Chief Executive Officer

Dated 20 February 2018

HALF-YEAR FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2017

	Notes	Six months ended 31 Dec 2017 $000	Six months ended 31 Dec 2016 $000
Revenues		86,864	77,032
Cost of revenues	3	(21,665)	(20,868)
Gross profit		65,199	56,164
Other income	3	-	1,095
Engineering and product development	3	(18,167)	(13,412)
Sales and marketing	3	(33,857)	(28,622)
General and administrative	3	(15,336)	(15,462)
Acquisition and integration	3	(797)	(3,546)
Loss before interest and tax (EBIT)		(2,958)	(3,783)
Finance income		37	369
Loss before income tax		(2,921)	(3,414)
Income tax expense		(29)	(114)
Loss for the half-year		(2,950)	(3,528)
Other comprehensive income			
Exchange differences on translation of foreign operations[1]		3,351	(1,578)
Total comprehensive profit/(loss) for the half-year		401	(5,106)
Basic loss per share		($0.01)	($0.02)
Diluted loss per share		($0.01)	($0.02)

[1]Exchange differences on translation of foreign operations include a $3.166m revaluation of goodwill relating to the Conject acquisition. Refer to note 6 for further details.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	31 December 2017 $000	30 June 2017 $000
Current Assets			
Cash and cash equivalents	4	24,325	31,337
Trade and other receivables		35,661	28,884
Other assets		10,843	10,375
Total current assets		70,829	70,596
Non-current assets			
Restricted cash		2,585	2,580
Plant and equipment	5	8,295	9,400
Intangible assets	6	142,436	140,500
Deferred tax assets		6,551	6,474
Other assets		693	737
Total non-current assets		160,560	159,691
Total assets		231,389	230,287
Current liabilities			
Trade and other payables		20,766	24,418
Loans		197	189
Contingent consideration		2,905	2,905
Income tax payable		893	1,328
Provisions		9,471	10,129
Deferred revenue		60,526	57,168
Total current liabilities		94,758	96,137
Non-current liabilities			
Trade and other payables		280	723
Loans		746	767
Provisions		2,014	1,629
Deferred revenue		24,638	25,855
Deferred tax liability		1,867	2,599
Total non-current liabilities		29,545	31,573
Total liabilities		124,303	127,710
Equity			
Issued capital		206,040	203,564
Other contributed equity		62,429	62,429
Reserves		5,779	796
Accumulated losses		(167,162)	(164,212)
Total equity		107,086	102,577
Total liabilities and equity		231,389	230,287

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2017

	Issued capital $000	Other contributed equity $000	Reserves $000	Accumulated losses $000	Total $000
As at 1 July 2016	197,815	62,429	(354)	(154,244)	105,646
Loss for the period	-	-	-	(3,528)	(3,528)
Exchange differences on translation of foreign operations	-	-	(1,578)	-	(1,578)
Total comprehensive loss	-	-	(1,578)	(3,528)	(5,106)
Transaction costs, net of tax	(6)	-	-	-	(6)
Exercise of share options	2,602	-	-	-	2,602
Issue of shares for long term incentive plan	1,262	-	(1,262)	-	-
Share based payments	-	-	1,239	-	1,239
Payment for treasury shares	-	-	(83)	-	(83)
As at 31 December 2016	201,673	62,429	(2,038)	(157,772)	104,292
As at 1 July 2017	203,564	62,429	796	(164,212)	102,577
Loss for the period	-	-	-	(2,950)	(2,950)
Exchange differences on translation of foreign operations	-	-	3,351	-	3,351
Total comprehensive loss	-	-	3,351	(2,950)	401
Exercise of share options	2,476	-	-	-	2,476
Share based payments	-	-	1,641	-	1,641
Payment for treasury shares	-	-	(9)	-	(9)
As at 31 December 2017	206,040	62,429	5,779	(167,162)	107,08 6

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2017

	Notes	Six months ended 31 Dec 2017 $000	Six months ended 31 Dec 2016 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		87,686	83,783
Payments to suppliers and employees (inclusive of GST)		(87,802)	(83,202)
Compensation for surrender of lease (inclusive of GST)		-	1,205
Interest received		66	454
Finance costs		(1)	(9)
Income tax paid		(1,140)	(1,326)
Net cash (used in)/provided by operating activities		(1,191)	905
Cash flows from investing activities			
Capitalised internally generated software costs		(7,604)	(7,816)
Acquisition of businesses		-	(3,183)
Purchase price adjustment on Conject acquisition		-	1,795
Purchase of plant and equipment		(660)	(3,424)
Proceeds on sale of plant and equipment		-	6
Purchase of intangible assets		-	(35)
Net cash used in investing activities		(8,264)	(12,657)
Cash flows from financing activities			
Proceeds from exercise of share options		2,476	2,602
Costs paid for equity raising		-	(90)
Payment for treasury shares		(9)	(83)
Repayment of borrowings		(54)	-
Net cash provided by financing activities		2,413	2,429
Net decrease in cash held		(7,042)	(9,323)
Cash and cash equivalents at beginning of year		31,337	49,985
Net exchange differences		30	(316)
Cash and cash equivalents at end of year		24,325	40,346
Restricted cash		2,585	2,881
Total cash		26,910	43,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2017

SECTION 1: BASIS OF PREPARATION

Note 1: Basis of preparation

The half-year consolidated financial statements for the six months ended 31 December 2017 have been prepared in accordance with AASB 134 Interim Financial Reporting.

The half-year consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2017.

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

Financial Instruments

The Group's principal financial liabilities comprise loans, contingent consideration and trade and other payables. The group's principal financial assets include trade and other receivables, and cash and short-term deposits. These financial instruments approximate to fair value. Fair value of the contingent consideration is based on level 3 inputs.

Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. The comparative figures in the sales and marketing and general administrative have been amended.

For the six months ended 31 December 2016, $0.3m of the general administrative costs were reclassified to sales and marketing in the EA region to align with the current policy on occupancy cost recharge.

Changes in accounting policies, accounting standards and interpretations

The accounting policies adopted in the preparation of the half-year consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2017. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Events occurring after the reporting period

On 18 December 2017, Aconex entered into a binding Scheme Implementation Deed with Oracle (NYSE: ORCL) under which it is proposed that Oracle will acquire 100% of the shares in Aconex by way of a Scheme of Arrangement (the Scheme) for A$7.80 in cash per share. On 12 February 2018, a Scheme Booklet outlining the Scheme was sent to shareholders to vote on the proposal.

There have been no other events occurring after the reporting period which would have material effect on the Group's financial statements at 31 December 2017.

SECTION 2: OPERATING PERFORMANCE

Note 2: Segment reporting

The following tables present revenue and profit information about the Group's operating segments for the six months ended 31 December 2017 and 2016.

	ANZ $000	Asia $000	Americas $000	EA $000	ME $000	Head Office $000	Global $000
Six months ended 31 December 2017							
Revenue	27,779	8,656	14,691	23,755	11,983	-	86,864
Cost of revenues	(2,710)	(1,855)	(4,652)	(5,730)	(2,391)	(3,922)	(21,260)
GROSS PROFIT	25,069	6,801	10,039	18,025	9,592	(3,922)	65,604
GROSS PROFIT MARGIN	90%	79%	68%	76%	80%		76%
Operating expenses							
Engineering and product development	-	-	-	-	-	(11,003)	(11,003)
Sales and marketing	(4,968)	(4,338)	(6,914)	(8,686)	(3,199)	(5,752)	(33,857)
General administrative	(73)	(336)	(442)	(855)	(504)	(9,433)	(11,643)
TOTAL OPERATING EXPENSES	(5,041)	(4,674)	(7,356)	(9,541)	(3,703)	(26,188)	(56,503)
EBITDA FROM CORE OPERATIONS	20,028	2,127	2,683	8,484	5,889	(30,110)	9,101
CONTRIBUTION MARGIN	72%	25%	18%	36%	49%		10%
Six months ended 31 December 2016							
Revenue	25,271	7,290	11,619	20,635	12,217	-	77,032
Cost of revenues	(2,565)	(1,850)	(3,853)	(5,156)	(3,012)	(4,175)	(20,611)
GROSS PROFIT	22,706	5,440	7,766	15,479	9,205	(4,175)	56,421
GROSS PROFIT MARGIN	90%	75%	67%	75%	75%		73%
Other income	-	-	-	-	-	1,095	1,095
Operating expenses							
Engineering and product development	-	-	-	-	-	(9,190)	(9,190)
Sales and marketing	(4,867)	(3,700)	(5,834)	(6,411)[1]	(3,279)	(4,531)	(28,622)[1]
General administrative	98	(333)	(549)	(1,133)[1]	(596)	(9,820)	(12,333)[1]
TOTAL OPERATING EXPENSES	(4,769)	(4,033)	(6,383)	(7,544)	(3,875)	(23,541)	(50,145)
EBITDA FROM CORE OPERATIONS	17,937	1,407	1,383	7,935	5,330	(26,621)	7,371
CONTRIBUTION MARGIN	71%	19%	12%	38%	44%		10%

[1]For the six months ended 31 December 2016, $0.3m was reclassified from general administrative costs to sales and marketing in the EA region to align with current period's policy on occupancy cost recharge.

Note 2: Segment Reporting (continued)

Reconciliation of loss

	Six months ended 31 Dec 2017 $000	Six months ended 31 Dec 2016 $000
EBITDA from core operations	9,101	7,371
Foreign currency (losses)/gains	(207)	40
Acquisition and integration expenses	(797)	(3,546)
EBITDA	8,097	3,865
Less: depreciation and amortisation expense	(11,055)	(7,648)
Loss before interest and tax (EBIT)	(2,958)	(3,783)
Finance income, net	37	369
Loss before income tax	(2,921)	(3,414)

Note 3: Income and expenses

Other income

Compensation for surrender of lease	-	1,095
	-	1,095

Cost of revenues

Employee benefit expense	13,881	13,291
Other costs	7,379	7,320
	21,260	20,611
Depreciation and amortisation expense	405	257
	21,665	20,868

Engineering and product development

Employee benefit expense	7,199	5,768
Other costs	3,804	3,422
	11,003	9,190
Depreciation and amortisation expense[1]	7,164	4,222
	18,167	13,412

[1]Includes amortisation of capitalised development costs of $7.105m (2016: $4.156m).

Sales and marketing

Employee benefit expense	25,773	20,922
Other costs	8,084	7,700
	33,857	28,622

Note 3: Income and expenses (continued)

General and administrative

	Six months ended 31 Dec 2017 $000	Six months ended 31 Dec 2016 $000
Employee benefit expense	8,211	7,403
Loss on disposal of leasehold improvements	-	231
Other costs	3,432	4,699
	11,643	12,333
Foreign currency losses /(gains)	207	(40)
Depreciation and amortisation expense[1]	3,486	3,169
	15,336	15,462

[1]Includes amortisation of customer relationships and brands of $2.052m (2016: $1.983m)

Acquisition and integration expense

Acquisition and integration expense[1]	797	3,546

[1]For the half year ended 31 December 2017, acquisition expenses relate to the proposed acquisition of Aconex by Oracle. For the half year ended 31 December 2016, acquisition and integration costs relate to the business integration of Conject.

Depreciation and amortisation expenses

Amortisation of software development costs – acquired	1,897	1,397
Amortisation of customer relationships and brands - acquired	2,052	1,983
Total acquired amortisation of intangible assets	3,949	3,380
Amortisation of software development costs – internally developed	5,208	2,759
Amortisation of software and software licenses	51	72
Depreciation of plant and equipment	1,847	1,437
Total depreciation and amortisation expense	11,055	7,648

SECTION 3: CAPITAL AND LIQUIDITY

Note 4: Cash and cash equivalents

	As at 31 Dec 2017 $000	As at 30 Jun 2017 $000
Cash at bank and on hand	20,325	21,309
Short-term deposits	4,000	10,028
	24,325	31,337

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

	Six months ended 31 Dec 2017 $000	Six months ended 31 Dec 2016 $000
Net loss	(2,950)	(3,528)
Adjustments for non-cash flows		
Depreciation and amortisation expense	11,055	7,648
Share based payment expense	1,641	1,239
Loss on sale of plant and equipment	-	3
Unrealised foreign exchange gain	(98)	(2)
Changes in operating assets and liabilities:		
Increase in restricted cash	(5)	(358)
(Increase)/decrease in receivables	(6,591)	3,476
(Increase)/decrease in other current assets	(520)	1,098
Increase in net deferred tax assets	(832)	(1,219)
Decrease in net tax provisions	(278)	(75)
Decrease in payables	(4,462)	(5,225)
(Decrease)/increase in provisions	(209)	586
Increase /(Decrease) in deferred revenue	2,058	(2,738)
Cash flow from operations	(1,191)	905

SECTION 4: OTHER ASSETS AND LIABILITIES

Note 5: Plant and equipment

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

	Leasehold improvements $000	Furniture, fixtures & fittings $000	Computer equipment $000	Total $000
Period ended 31 December 2017				
Balance at 1 July 2017	3,924	981	4,495	9,400
Additions[1]	52	109	555	716
Disposals	(6)	-	-	(6)
Exchange differences	-	(8)	40	32
Depreciation expense	(634)	(148)	(1,065)	(1,847)
Balance at 31 December 2017	3,336	934	4,025	8,295
As at 31 December 2017				
Cost	6,798	2,932	14,207	23,937
Accumulated depreciation	(3,462)	(1,998)	(10,182)	(15,642)
Net carrying amount	3,336	934	4,025	8,295

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

Note 6: Intangible assets

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

	Software and software licenses $000	Internally generated software development $000	Software development acquired from acquisitions $000	Brands $000	Customer relationships $000	Goodwill $000	Total $000
Period ended 31 December 2017							
Balance at 1 July 2017	168	20,727	9,057	1,578	8,704	100,267	140,501
Internally developed[1]	-	7,669	-	-	-	-	7,669
Additions	-	-	-	-	-	-	-
Exchange differences	(1)	118	31	38	122	3,166	3,474
Amortisation expense[2]	(51)	(5,208)	(1,897)	(1,062)	(990)	-	(9,208)
Balance at 31 December 2017	116	23,306	7,191	554	7,836	103,433	142,436
As at 31 December 2017							
Cost	3,819	66,972	13,620	4,325	11,913	103,433	204,082
Accumulated amortisation	(3,703)	(43,666)	(6,429)	(3,771)	(4,077)	-	(61,646)
Net carrying amount	116	23,306	7,191	554	7,836	103,433	142,436

[1]The difference between additions disclosed in this note and the consolidated statement of cash flows is due to timing of payments.
[2]Total acquired amortisation of intangible assets were $3.949m for the six months ended 31 December 2017 (2016: $3.380m).

DIRECTORS' DECLARATION

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

a) The financial statements and notes of Aconex Limited for the half-year ended 31 December 2017 are prepared in accordance with the *Corporations Act 2001*, including:

   i. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

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

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

On behalf of the board

Mr Adam Lewis
Chairman

Mr Leigh Jasper
Chief Executive Officer

20 February 2018

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Independent Auditor's Review Report to the Members of Aconex Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Aconex Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

David McGregor
Partner
Melbourne
20 February 2018

Ernst & Young
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Auditor's Independence Declaration to the Directors of Aconex Limited

As lead auditor for the review of Aconex Ltd for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

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

Ernst & Young

Ernst & Young

David McGregor
Partner
20 February 2018

CORPORATE INFORMATION

The registered office of the company is:	Aconex Limited 96 Flinders Street Melbourne Victoria 3000 Australia +61 3 9240 0200
The principal place of business is:	Aconex Limited 96 Flinders Street Melbourne Victoria 3000 Australia
Auditors:	Ernst & Young 8 Exhibition Street Melbourne Victoria 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 code: ACX)
Website	http://investor.aconex.com