



# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Name of entity

**Xero Limited**

ABN

160 661 183 (ARBN)

Quarter ended

31 December 2013

Under the conditions of listing on the ASX in November 2012, Xero Limited is required to provide quarterly cash flow reports to the ASX. This unaudited cash flow report is for the quarter ended 31 December 2013.

During the quarter Xero raised NZ\$180 million to continue building a world-class product and team to support continued global growth.

Net operating and investing cash outflows for the current quarter were NZ\$13.8 million compared with NZ\$13.1 million for the September 2013 quarter. This shows the continued investment Xero is making in building a business for the future to take advantage of the massive opportunity presented by the global small business market.

### Unaudited consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$NZ'000	Year to date (9 months) \$NZ'000
1.1	Receipts from customers	18,015	46,744
1.2	Payments for		
	(a) staff costs	(10,792)	(28,101)
	(b) advertising and marketing	(4,984)	(11,263)
	(c) research and development	-	-
	(d) leased assets	(1,027)	(2,687)
	(e) other working capital	(8,244)	(22,115)
1.3	Dividends received	-	-
1.4	Interest received	788	1,954
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(358)	(494)
1.7	Other - Government grant revenue	96	577
	<b>Net operating cash flows</b>	<b>(6,506)</b>	<b>(15,385)</b>



		Current quarter \$NZ'000	Year to date (9 months) \$NZ'000
1.8	Net operating cash flows (carried forward)	(6,506)	(15,385)
<b>Cash flows related to investing activities</b>			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(5,715)	(16,297)
	(d) physical non-current assets	(1,521)	(4,045)
	(e) other non-current assets	(71)	(919)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other	-	-
	<b>Net investing cash flows</b>	<b>(7,307)</b>	<b>(21,261)</b>
<b>1.14</b>	<b>Total operating and investing cash flows</b>	<b>(13,813)</b>	<b>(36,646)</b>
<b>Cash flows related to financing activities</b>			
1.15	Proceeds from issues of shares	180,000	180,000
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other - Issue costs	(438)	(438)
	<b>Net financing cash flows</b>	<b>179,562</b>	<b>179,562</b>
	<b>Net increase (decrease) in cash held</b>	<b>165,749</b>	<b>142,916</b>
1.21	Cash at beginning of quarter/year to date	55,332	78,244
1.22	Exchange rate adjustments to item 1.21	53	(26)
1.23	<b>Cash at end of quarter</b>	<b>221,134</b>	<b>221,134</b>

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$NZ'000
1.24 Aggregate amount of payments to the parties included in item 1.2	150
1.25 Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

1.24 includes directors' fees and executive director's salary

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

	Amount available \$NZ'000	Amount used \$NZ'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

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## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$NZ'000	Previous quarter \$NZ'000
4.1 Cash on hand and at bank	13,834	18,032
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Term deposits	207,300	37,300
<b>Total: cash at end of quarter (item 1.23)</b>	<b>221,134</b>	<b>55,332</b>

## Acquisitions and disposals of business entities during quarter

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

## Compliance statement

1. Xero Limited has received a waiver from ASX to provide its reporting in New Zealand dollars and in compliance with New Zealand GAAP.
2. This statement has been prepared under New Zealand GAAP
3. This statement gives a true and fair view of the matters disclosed.



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Ross Jenkins  
CFO

Date 31 January 2014