



MYOB FINANCE AUSTRALIA LIMITED ABN 25 161 013 654

APPENDIX 4E – PRELIMINARY FINAL REPORT GIVEN TO ASX UNDER LISTING RULE 4.3A FOR THE 12 MONTH PERIOD ENDED 31 DECEMBER 2014

Item	Contents
1	Details of the reporting period
2	Results for announcement to the market
3	Net tangible assets per security
4	Dividends and distributions
5	Other information

1. DETAILS OF THE REPORTING PERIOD

Reporting period: 12 month period ended 31 December 2014

Previous corresponding period: 12 month period ended 31 December 2013

The 2014 accounts disclose a comparative column for the 12 month period ending 31 December 2013 and these numbers have been used for comparative purposes below.

Last year's report covered a 14 month period ending 31 December 2013.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Up/down, \$'000	% change	\$'000
Revenue from ordinary activities	Up, 2,303	14.89	17,771
Profit / (Loss) from ordinary activities after tax for the period attributable to members	Up Previous corresponding period is (600), and 1,616 for this reporting period	N/A - change from loss to profit	1,616
Net Profit / (Loss) for the period attributable to members	Up Previous corresponding period is (600), and 1,616 for this reporting period	N/A - change from net loss to net profit	1,616

Dividends per security	Cents per security	Franked amount per security (cents)
Interim dividend per security (30 June 2014)	Nil	Nil
Final 2014 dividend per security	Nil	Nil
Record date for determining entitlements to dividends	N/A	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood: Refer to the Directors' Report within the attached Financial Report.

3. NET TANGIBLE ASSETS PER SECURITY

	Up/down	% change	31 December 2014 cents per security
Net tangible assets per security	N/A	N/A	N/A

4. DIVIDENDS AND DISTRIBUTIONS

The company did not pay any distributions during the 12 month period ended 31 December 2014.
The company has not declared any distributions for the 12 month period ended 31 December 2014.

During the 12 month period ended 31 December 2014, the Company has paid all interest amounts that it was required to pay under the MYOB Subordinated Notes issued on 20 December 2012.

5. OTHER INFORMATION

Details of entities over which control has been gained or lost during the period: N/A

Details of any dividend or distribution reinvestment plans in operation: N/A

Details of associates and joint venture entities: N/A

Any other information required pursuant to ASX Listing Rule 4.3A not contained in this Appendix 4E is found in the attached Financial Report.



MYOB Finance Australia Limited

ACN 161 013 654

Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2014

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DIRECTORS' REPORT

The Directors present their report on MYOB Finance Australia Limited for the year ending 31 December 2014.

MYOB Finance Australia Limited is a private owned company, incorporated on 30th October 2012.

DIRECTORS

The following persons were directors of MYOB Finance Australia Limited during the whole of the financial year and up to the date of this report:

Craig Boyce
Serge Sarkis
Timothy Reed
Neil Kalvelage
Richard Moore

Serge Sarkis resigned from the board on 31st December 2014.

PRINCIPAL ACTIVITIES

MYOB Finance Australia Limited is a special purpose entity established to issue MYOB subordinated notes, listed on the ASX on 20 December 2012. It is a directly held wholly-owned subsidiary of MYOB Holdings Pty Limited.

There were no significant changes in the nature of activities of MYOB Finance Australia Limited during the period.

REVIEW OF OPERATIONS

For the year ended 31 December 2014 MYOB Finance Australia Limited reported operating revenue from continuing operations of \$ Nil (2013 – \$ Nil). MYOB Finance Australia Limited's gain from continuing operations before income tax, other expenses, depreciation and amortisation was \$2.3 million (2013 – (\$0.95) million loss).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of MYOB Finance Australia Limited during the period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The MYOB group of companies, of which MYOB Finance Australia Limited is a member, are currently investigating a range of potential changes to the funding structure. At the time of signing these accounts a number of options are still being considered.

There are no other matters or circumstances that have arisen since 31 December 2014 that have significantly affected, or may significantly affect:

- (a) MYOB Finance Australia Limited's operations in the future financial year, or
- (b) the results of those operations in future financial years, or
- (c) MYOB Finance Australia Limited's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the operations of MYOB Finance Australia Limited and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to MYOB Finance Australia Limited.

ENVIRONMENTAL REGULATION

There are no significant environmental regulations that apply.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

CRAIG BOYCE (NON-EXECUTIVE DIRECTOR)

Experience and Expertise

Craig Boyce became a director of a number of the companies within the MYOB Group in September 2011, when funds advised by Bain Capital acquired MYOB.

Craig joined Bain Capital in 1998 and is a Managing Director. He leads Bain Capital's Australian business. He has been involved in managing a number of key investments by funds advised by Bain Capital in addition to MYOB, including China Fire & Security, Contec, Fleetcor, Houghton Mifflin, SuperPages – Canada and Uniview. Before joining Bain Capital, Craig was a consultant at Bain & Company, providing strategic and operational advice to companies in the financial services, technology and consumer sectors.

Craig has an MBA from Harvard Business School, an MS in Chemical Engineering from Massachusetts Institute of Technology, and a BSE magna cum laude in Chemical Engineering from Princeton University.

SERGE (WALID) SARKIS (NON-EXECUTIVE DIRECTOR)

Experience and expertise

Serge Sarkis became a director of a number of the companies within the MYOB Group in September 2011, when funds advised by Bain Capital acquired MYOB.

Serge joined AlphaOne Partners in January 2014 as a Managing Partner. Prior to AlphaOne, Serge was a Managing Director at Bain Capital. He was the founder of Bain Capital's European business and led its South East Asia and Australian business. He was involved in managing a number of key investments by funds advised by Bain Capital in addition to MYOB, including Novacap, SigmaKalon, FCI, Boart Longyear, Shoppers Drug Mart, Ideal Standard, Toys R Us. Before joining Bain Capital, he was a consultant at the Boston Consulting Group, providing strategic and operational advice to companies in the consumer products and industrial good sectors.

Serge has an MBA from Harvard Business School, an MS in Industrial Engineering from Stanford University and is a graduate from Ecole Polytechnique in France.

NEIL KALVELAGE (NON-EXECUTIVE DIRECTOR)

Experience and expertise

Neil Kalvelage became a director of a number of the companies within the MYOB Group in February 2012.

Neil joined Bain Capital in 2006 and is an Operating Partner. In addition to MYOB, Neil was actively involved with and served on the Board of Applied Systems, a software investment by funds advised by Bain Capital. Before joining Bain Capital, Neil worked at The Hershey Company, starting and leading the U.S. Commercial Strategy department. Before that, Neil worked in the Corporate Strategy department at PepsiCo, spent 5 years at Bain & Co. in Boston, and held various financial roles at PPG Industries.

Neil has an MBA with highest distinction from Carnegie Mellon and has a BS in Finance from The Pennsylvania State University.

TIMOTHY REED (EXECUTIVE DIRECTOR, CEO)

Experience and expertise

Tim Reed joined MYOB in July 2004 when it acquired Solution 6. Tim was appointed CEO in 2008 after spending over five years in management roles including Managing Director of MYOB Australia and MYOB Group Product Executive. Throughout his time with MYOB, Tim has overseen the Australian business's growth and its expansion into online services. He also led the creation of the Enterprise Division via the acquisition of Commac and Exonet in 2007, and established the Websites Division in 2008 through the acquisition of Ilysis and Smartyhost. Prior to joining Solution 6, Tim worked in Silicon Valley with a number of companies in global technology and internet markets.

DIRECTORS' REPORT

Tim has an MBA from Harvard Business School, graduating as a Baker Scholar and a Bachelor of Commerce (Honours) from the University of Melbourne.

Special responsibilities

Chairman of the board
Chief Executive Officer

RICHARD MOORE (EXECUTIVE DIRECTOR, CFO)

Experience and expertise

Richard Moore joined MYOB in April 2012 in the role of CFO and General Manager, Shared Services. Prior to joining MYOB he held multiple senior finance roles across a diverse range of industries, including most recently CFO of Jetstar Airways and CFO of Bankwest Business. Prior to that he spent 8 years at GE Capital in various finance roles across a number of divisions in both Europe and Australia, and worked for PricewaterhouseCoopers in Edinburgh, Scotland.

Richard has a MA (Honours) — Economics from the University of Edinburgh and a CA from the Institute of Chartered Accountants of Scotland.

Special responsibilities

Chief Financial Officer

COMPANY SECRETARY

The company secretary is Mr Ian Boylan. Ian joined MYOB in June 2006 as Corporate Counsel and has held the positions of General Counsel and Company Secretary since January 2011. Prior to joining MYOB, Ian was a legal counsel at IAG. Ian is a solicitor and was admitted to practice whilst working for Eversheds LLP in Nottingham, England. He was admitted to practice in Australia whilst working for Minter Ellison in Melbourne.

Ian has a Bachelor of Laws (Honours) from Nottingham Trent University, England.

MEETINGS OF DIRECTORS

The number of meetings of the company's board of directors held during the period ending 31 December 2014, and the number of meetings attended by each director were:

	Full meetings of directors	
Directors	Attended	Held/Eligible
Craig Boyce	2	2
Serge Sarkis (*)	2	2
Neil Kalvelage	2	2
Timothy Reed	2	2
Richard Moore	2	2
(*) Serge Sarkis resigned as director 31/12/2014		

The board has also passed resolutions, by written resolution of the directors, in relation to the quarterly reports issued to ASIC and the trustee for the holders of MYOB Subordinated Notes, required under Section 283BF of the *Corporations Act 2001 (Cth)*.

INSURANCE OF OFFICERS

To the extent permitted by law, the company has indemnified each director and officer against liability arising from their role as directors and officers, by paying premiums on an insurance contract. This insurance contract prohibits disclosure of the premium paid.

DIRECTORS' REPORT

INDEMNITY OF AUDITORS

MYOB Finance Australia Limited does not indemnify the auditors.

NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

There were no non-audit services provided for during the period.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

TAX CONSOLIDATION

MYOB Finance Australia Limited is part of a tax consolidated group, with the ultimate parent entity being MYOB Group Pty Limited.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors:



Tim Reed
Director
MYOB Finance Australia Limited



Richard Moore
Director
MYOB Finance Australia Limited

Melbourne, 25th of February, 2015



Auditor's Independence Declaration

As lead auditor for the audit of MYOB Finance Australia Limited for the year ended 31 December 2014, I declare that 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.

A handwritten signature in black ink, appearing to read 'Chris Dodd', written over a large, stylized loop.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
25 February 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of MYOB Holdings Pty Limited, we state that:

1. In the opinion of the directors:

- (a) The financial statements and notes of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2014 and of their performance for the period ended on that date; and
 - (ii) Complying with Accounting Standards and 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.

2. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board



Tim Reed
Director
MYOB Holdings Pty Limited



Richard Moore
Director
MYOB Holdings Pty Limited

Melbourne, 25th of February 2015

CORPORATE GOVERNANCE STATEMENT

This statement describes the key corporate governance practices of MYOB Finance Australia Limited (the “**Company**”), which considers the ASX Principles of Good Corporate Governance and Best Practice Recommendations issued by the ASX Corporate Governance Council (the “**Recommendations**”).

These principles are:

Principle 1 – Lay solid foundations for management and oversight

Principle 2 – Structure the board to add value

Principle 3 – Promote ethical and responsible decision making

Principle 4 – Safeguard integrity in financial reporting

Principle 5 – Make timely and balanced disclosure

Principle 6 – Respect the right of shareholders

Principle 7 – Recognise and manage risk

Principle 8 – Remunerate fairly and responsibly

The Board of the Company recognises that to fulfil its responsibilities, sound and effective corporate governance is critical. The Board pursue the highest standard of ethical conduct in the interests of shareholders and all other stakeholders.

The Board recognises that the Company, in and of itself, does not comply with each of the Recommendations. Where the Company does not comply, the Board has considered this and determined it to be appropriate in the circumstances, and still in the interests of shareholders and other stakeholders. The key reasons for non-compliance include:

- The Company is a special purpose funding vehicle in the MYOB Group (being MYOB Holdings Pty Limited and its controlled entities).
- As the company is a special purpose vehicle, the Board is made up of representatives of shareholders and executive management. Whilst these directors are not independent, this is considered appropriate given the nature of the entity.
- The Company is not in itself a trading entity and does not have employees, therefore some of the Recommendations are not relevant to the Company.

The following sets out the Company's position in relation to each of the Recommendations. Where compliance with each of the Recommendations is stated, then the Company was in compliance for the entire year.

The Board as a whole will be responsible for the governance of the Company. The Company does not have an Audit Committee and the Board as a whole will be responsible for the financial reporting of the Company. Similarly, the Company will not have a Remuneration or Nomination Committee as the Company only has Directors who are not remunerated by the Company. The Board may establish committees from time to time if it considers appropriate.

CORPORATE GOVERNANCE STATEMENT

Principle 1: Lay solid foundations for management and oversight

The Board will monitor the operational and financial position of the Company. The roles and responsibilities of the Board are set out in the Board Charter. The responsibilities of the Board include:

- the overall operation and stewardship of the Company,
- the strategies, policies and financial objectives of the Company,
- monitoring the implementation of those policies, strategies and financial objects,
- risk management and reporting,
- monitoring of performance, corporate governance and Board Committees.

The Board Charter is available on MYOB's website. A link to the Company's Board Charter is <http://myob.com.au/myob/investors/myob-subordinated-notes/corporate-policies-subordinated-notes-1258092132935>

The Company does not have any executive management.

The Company complies with Recommendation 1.1 and Recommendation 1.3.

The Company does not comply with Recommendation 1.2 as it has no executive management to evaluate.

Principle 2: Structure the Board to add value

The Directors bring wide and varied operational and financial experience to the Board. Each of the Directors are also directors of the MYOB Group. The Board is comprised of 3 non-executive directors and 2 executive directors. The roles of the Chair and Chief Executive Officer are exercised by the same individual. The Chief Executive Officer, Tim Reed, and Chief Financial Officer, Richard Moore, are executives of the MYOB Group. Details of the Director's skills and experience are set out in the Directors' Report on page 2 of this annual report.

While the Directors are not independent for the purposes of the Recommendations (specifically recommendation 2.1), they are a sub-set of the directors of the MYOB Group, and therefore the Board considers that it is well placed to fulfil its responsibilities. The Constitution of the Company provides that the number of Directors must at any time be no more than 9 and no less than 3.

A process is in place which allows the Directors to obtain independent professional advice (when appropriate) at the Company's cost. Independent professional advice can be obtained without the involvement of management of the Company where the Board or Chairman considers it appropriate to do so.

The Company does not have a nomination committee as the Directors are not remunerated by the Company. Funds advised by Bain Capital Partners, LLC, through their indirect controlling interest in the MYOB Group have the ability to appoint Directors and therefore senior management of the MYOB Group.

The Board will annually review its performance, comparing its performance with the requirements of the Board Charter and setting forth goals and objectives of the Board for the upcoming year.

Whilst the Company does not comply with Recommendations 2.1 to 2.4, the Board considers that having regard to the Company as being a special purpose funding vehicle, the composition of the Board and its processes are appropriate. The company complies with Recommendation 2.5 and Recommendation 2.6.

CORPORATE GOVERNANCE STATEMENT

Principle 3: Promote ethical and responsible decision-making

The Company complies with the MYOB Group Code of Conduct which sets out the responsibility, legal obligations and ethical conduct expected of the employees and Directors of the MYOB Group (including the Company). MYOB's Code of Conduct is available on MYOB's website at <http://myob.com.au/myob/myob-group/code-of-conduct-1258092132885>.

The Company complies with the MYOB Group Diversity Policy. Measurable objectives for achieving gender diversity will be developed by the MYOB Group. The Diversity Policy is available on MYOB's website at <http://myob.com.au/myob/myob-group/corporate-policies-1258092132892>.

The Company itself does not comply with Recommendations 3.1 to 3.5, because the Board considers that having regard to the Company as being a special purpose funding vehicle, compliance with the MYOB Group's Code of Conduct and Diversity Policy (rather than establishing its own policies) is appropriate in these circumstances.

Principle 4: Safeguard integrity in financial reporting

The Board as a whole will be responsible for the financial reporting of the Company and approving and monitoring internal and external financial reporting of the Company. As set out above, the Company will not have an audit committee.

The Company has adopted an external auditor policy regarding the services that the Company may obtain from its external auditor.

Whilst the Company does not comply with Recommendations 4.1 to 4.4, the Board considers that having regard to the Company as being a special purpose funding vehicle and the composition of the Board, the Company has in place appropriate processes for financial reporting.

Principle 5: Make timely and balanced disclosure

The Company has adopted a Continuous Disclosure Policy which establishes procedures and best practice guidelines to ensure that the Company complies with the ASX Listing Rule disclosure requirements, and that directors and employees of the MYOB Group are aware of, and fulfil their obligations in relation to the Company's disclosure requirements.

The Company's Continuous Disclosure Policy is available on MYOB's website at <http://myob.com.au/myob/investors/myob-subordinated-notes/corporate-policies-subordinated-notes-1258092132935>.

The Company complies with Recommendation 5.1 and 5.2 as there are written policies designed to ensure compliance with ASX Listing Rule disclosure requirements as listed on the Company's web site.

Principle 6: Respect the right of shareholders

The Company has adopted a Communications Policy to promote effective, timely and accurate communication with its holders of listed securities, market participants and other stakeholders. This is available on MYOB's website at <http://myob.com.au/myob/investors/myob-subordinated-notes/corporate-policies-subordinated-notes-1258092132935>.

In particular, the MYOB web site will contain information about the Company, including media releases and key policies. All relevant announcements made to market and any other relevant information will be posted on the MYOB Group's website as soon as it has been released to the ASX.

The Company complies with Recommendation 6.1 and Recommendation 6.2.

Principle 7: Recognise and manage risk

The Company does not have a separate Risk Management Policy and does not have a separate Risk Committee. The Board is responsible for risk oversight and the management and internal control of the processes by which risk is considered for both ongoing and prospective actions. The identification

CORPORATE GOVERNANCE STATEMENT

and management of principal risk of the Company is an important priority of the Board and is a responsibility of the Board as set out in the Board Charter.

The Board has obtained the declaration required under section 295A of the Corporations Act.

The Company does not comply with Recommendation 7.1 and 7.2 as it does not have a separate Risk Management Policy and no executive management, but the Board retains responsibility for risk management, and will ensure that the Company manages its material business risks effectively.

The Company complies with Recommendation 7.3 and 7.4.

Principle 8: Remuneration

The Directors do not receive remuneration from the Company for their services as directors of the Company. Nor does the Company remunerate any employees. The MYOB Group is responsible for the remuneration of management and employees of the MYOB Group. As such, the Company does not have a remuneration committee.

The Company complies with its remuneration reporting obligations under the Corporations Act.

The Company does not comply with Recommendations 8.1 to 8.4, having regard to the Company as being a special purpose funding vehicle and as the Directors are not remunerated by the Company.

Income statement

FOR THE PERIOD ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Revenue			
Intercompany interest		17,771	15,468
Bank interest		-	8
		<u>17,771</u>	<u>15,476</u>
Expenses			
Subordinated notes interest		(14,508)	(15,468)
Amortisation of borrowing costs		<u>(955)</u>	<u>(955)</u>
Profit / (Loss) from operations before income tax		2,308	(947)
Income tax (expense) / benefit	5	(693)	347
Profit / (Loss) from operations after income tax		<u>1,615</u>	<u>(600)</u>
Profit / (Loss) for the period is attributable to:			
Owners of MYOB Finance Australia Limited		<u><u>1,615</u></u>	<u><u>(600)</u></u>

The above income statement should be read in conjunction with accompanying notes.

Statement of comprehensive income

FOR THE PERIOD ENDED 31 DECEMBER 2014

	2014 \$'000	2013 \$'000
Profit / (Loss) from operations after income tax	<u>1,615</u>	<u>(600)</u>
Other comprehensive income / (loss)		
Other comprehensive income / (loss) for the period, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the period	<u>1,615</u>	<u>(600)</u>
Total comprehensive income / (loss) for the period is attributable to owners of MYOB Finance Australia Limited	<u>1,615</u>	<u>(600)</u>

The above statement of comprehensive income should be read in conjunction with accompanying notes.

Balance sheet

AS AT 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
ASSETS			
Current Assets			
Cash	6	15	19
Total current assets		<u>15</u>	<u>19</u>
Non-current Assets			
Related party receivable	7	188,712	171,458
Deferred tax asset	8	519	693
Total non-current assets		<u>189,231</u>	<u>172,151</u>
TOTAL ASSETS		<u>189,246</u>	<u>172,170</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	9	474	470
Total current liabilities		<u>474</u>	<u>470</u>
Non-current Liabilities			
Interest-bearing loans and borrowings	10	152,135	151,180
Related party payable	11	37,650	23,148
Total non-current liabilities		<u>189,785</u>	<u>174,328</u>
TOTAL LIABILITIES		<u>190,259</u>	<u>174,798</u>
NET ASSETS		<u>(1,013)</u>	<u>(2,628)</u>
EQUITY			
Contributed equity	12	-	-
Retained earnings	13	(1,013)	(2,628)
TOTAL EQUITY		<u>(1,013)</u>	<u>(2,628)</u>

The above balance sheet should be read in conjunction with accompanying notes.

Statement of changes in equity

FOR THE PERIOD ENDED 31 DECEMBER 2014

	Note	Issued capital \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2014		-	(2,628)	(2,628)
Profit for the period	13	-	1,615	1,615
Total comprehensive (loss) for the period		-	1,615	1,615
At 31 December 2014		-	(1,013)	(1,013)
At 1 January 2013		-	(2,028)	(2,028)
(Loss) for the period	13	-	(600)	(600)
Total comprehensive (loss) for the period		-	(600)	(600)
At 31 December 2013		-	(2,628)	(2,628)

The above statement of changes in equity should be read in conjunction with accompanying notes.

Statement of cash flows

FOR THE PERIOD ENDED 31 DECEMBER 2014

	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Payments to suppliers and employees		(4)	(242)
Interest received		-	8
Net cash flows from operating activities	16	(4)	(234)
Cash flows from investing activities			
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents		(4)	(234)
Net foreign exchange differences		-	-
Cash and cash equivalents at beginning of period		19	253
Cash and cash equivalents at end of period		15	19

The above statement of cash flow should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE PERIOD ENDED 31 DECEMBER 2014

1 CORPORATE INFORMATION

The financial statements and notes represent MYOB Finance Australia Limited. The financial statements were authorised for issue on 25 February 2015 by the directors of the company.

The directors have the power to amend and reissue the financial statements.

The nature of the operations and principal activities of the entity are described in the Directors' Report.

The ultimate parent entity of MYOB Finance Australia Limited is MYOB Group Pty Limited.

MYOB Finance Australia Limited is domiciled and incorporated in Australia.

Registered Office: Level 3, 235 Springvale Road, Glen Waverley, Victoria 3150.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This financial report is a general-purpose financial report and has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.

These financial statements have been prepared on an accrual basis and are based on historical costs. Notwithstanding the deficiency in net assets in the company, the directors have determined the entity can continue as a going concern and MYOB Holdings Pty Limited has provided a letter of support.

The entity is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The financial statements of MYOB Finance Australia Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New Accounting Standards and Interpretations

Recently issued or amended accounting standards

AASB 9 Financial Instruments, AASB 2009–11 and AASB 2010–7

These amendments affect the valuation and recognition of certain types of financial assets and liabilities and are not expected to have an impact on the financial statements and becomes applicable 1 January 2015.

(iii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Cash

Cash in the balance sheet comprises cash at bank.

2.3 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Borrowings are classified as non current liabilities when the entity has an unconditional right to defer settlement for at least twelve months from reporting date.

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

2.5 Income tax

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- if they arise from the initial recognition of goodwill or where the deferred income tax liability 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, affect neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries except where 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 income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, 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 assets and unused tax losses can be utilised except where:

- the deferred income tax asset relating to the deductible temporary difference 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; and
- deductible temporary differences associated with investments in subsidiaries deferred tax assets are only recognised 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 income 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit or loss.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax consolidated entity

MYOB Finance Australia Limited is a member of an Australian income tax consolidated entity (Tax Group). MYOB Group Pty Limited is the head company of the Tax Group and the Australian incorporated parent entity of MYOB Holdings Pty Limited.

The current tax liabilities (or assets) of each member of the Tax Group are accounted for as being assumed by MYOB Group Pty Limited. Similarly, the deferred tax assets arising from unused tax losses and unused relevant tax credits of each member are accounted for as being assumed by MYOB Group Pty Limited.

The members of the Tax Group have entered into a tax sharing and tax funding agreement. Under the tax funding agreement the members of the Tax Group compensate MYOB Group Pty Limited for any current tax payable assumed. In addition, the members of the Tax Group are compensated by MYOB Group Pty Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are assumed and recognised as a deferred tax asset by MYOB Group Pty Limited.

The funding amounts calculated under the tax funding agreement are determined a notional income tax allocation that is prepared for each member of the Tax Group as if it were a taxable entity in its own right. This notional income tax allocation is completed on basis of specific assumptions set out in the tax funding agreement. Depending on the outcome the notional income tax allocation prepared by each member of the Tax Group it will recognise either a current amount receivable or payable to the head entity of the Tax Group, being MYOB Group Pty Limited.

The amounts receivable/payable under the tax funding agreement are due upon receipt of funding advice from MYOB Group Pty Limited (the head entity of the Tax Group), which must be issued as soon as practicable after the end of each income year. MYOB Group Pty Limited may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

2.6 Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where 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 applicable,
- receivables and payables which are stated with the amount of GST included, and
- the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

2.7 Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The entity's own equity instruments, which are reacquired for later use in employee share-based payment arrangements are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the entity's own equity instruments.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2014

3 FINANCIAL RISK MANAGEMENT

The entity's activities expose it to certain financial risks: interest rate risk and liquidity risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and economic trend. Senior management, in conjunction with the Board, reviews and agrees policies for managing each of these risks.

3.1 Market risk

Cash flow and interest rate risk

The entity's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the entity to cash flow interest rate risk. During the period, the entity's borrowings at variable rate were denominated in Australian Dollars. MYOB mitigates the risk of movement in the interest rate on borrowings by ensuring that the interest rate on the related party receivable is based on the borrowings rate plus a mark up.

As at the end of the reporting period, the entity had the following variable rate borrowings outstanding:

	31 December 2014		31 December 2013	
	Balance \$'000	Weighted Average Interest rate	Balance \$'000	Weighted Average Interest rate
Subordinated notes	155,000	9.36%	155,000	9.32%

(i) Sensitivity

At 31 December 2014, if interest rates had increased / decreased by 100 basis points from the year end rates with all other variables held constant, post-tax profit for the period would have been \$1,085,000 higher/ lower (2013 changes of 100bps: \$1,085,000 lower/higher).

3.2 Liquidity risk

The entity minimises liquidity risk by funding all cash flows through related parties within the MYOB Group.

Maturity analysis of financial assets and liabilities

Financial liabilities mainly originate from the issue of Subordinated notes.

	Less than 6 months	6-12 months	1-5years	Total contractual cash flows	Carrying amount
At 31 December 2014					
Non-derivatives					
Related Party loans - Receivable	9,436	9,436	198,592	217,464	188,712
Related Party loans - Payable	-	-	-	-	(37,650)
Subordinated notes	(7,346)	(7,346)	(184,383)	(199,075)	(155,000)
Total non-derivatives	2,090	2,090	14,209	18,389	(6,938)
At 31 December 2013					
Non-derivatives					
Related Party loans - Receivable	7,363	7,363	199,175	213,901	171,458
Related Party loans - Payable	-	-	-	-	(23,148)
Subordinated notes	(7,363)	(7,363)	(199,175)	(213,901)	(155,000)
Total non-derivatives	-	-	-	-	(6,690)

3.3 Fair value

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in applicable notes.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2014

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient taxable temporary differences are expected to reverse in a future period or future taxable profits will be available to utilise those temporary differences. 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 over the next two years together with future tax planning strategies.

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2014

5 INCOME TAX EXPENSE

	2014 \$'000	2013 \$'000
(a) Income tax expense		
Deferred tax	174	171
Current tax	519	(518)
Income tax (benefit) / expense	<u>693</u>	<u>(347)</u>
Deferred income tax expense included in income tax expense comprises:		
Decrease in deferred tax assets	<u>174</u>	<u>171</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (Loss) from operations before income tax	2,308	(947)
Tax at the Australian tax rate of 30%	693	(284)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Borrowing costs on non-deductible transaction fees from issue of Subordinated notes	-	(63)
Sundry items	<u>-</u>	<u>(63)</u>
Difference in overseas tax rate	-	-
Adjustments for current tax of prior periods	-	-
Income tax (benefit) / expense	<u><u>693</u></u>	<u><u>(347)</u></u>

AS AT 31 DECEMBER 2014

"Whenever the lender is required to pay the principal amount of a Note (which the parties acknowledge is subject to the Intercreditor Deed), the Borrower will repay to the Lender such part of the outstanding balance of the principal Sum as equals that amount."

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2014

8 NON-CURRENT ASSETS - DEFERRED TAX ASSETS

	2014 \$'000	2013 \$'000
Deferred tax asset	519	693
The balance comprises temporary differences attributable to:		
Borrowing costs	519	693
Deferred tax assets expected to be recovered within 12 months	-	-
Deferred tax assets expected to be recovered after more than 12 months	519	693
	519	693
Movements	2014 \$'000	2013 \$'000
At 1 January	693	864
Credited		
- to profit or loss	(174)	(171)
At 31 December	519	693

Notes to the Financial Statements (continued)

AS AT 31 DECEMBER 2014

	2014 \$'000	2013 \$'000
9 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Accrued expenses	474	470

10 NON-CURRENT LIABILITIES - INTEREST-BEARING LOANS AND BORROWINGS

		2014 \$'000	2013 \$'000
	Maturity		
Subordinated notes	2017	155,000	155,000
Less: debt transaction costs		(2,865)	(3,820)
		152,135	151,180

The Subordinated notes interest rate is 6.70% margin on top of BBSY, set quarterly in advance.

11 NON-CURRENT LIABILITIES - OTHER NON-CURRENT LIABILITIES

Related party payables	37,650	23,148
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Notes to the Financial Statements (continued)

AS AT 31 DECEMBER 2014

	2014 \$	2013 \$
12 CONTRIBUTED EQUITY		
Issued and paid up capital	2	2

	2014 \$'000	2013 \$'000
13 RETAINED EARNINGS		

Movements in retained earnings were as follows:

Balance 1 January	(2,628)	(2,028)
Net Profit / (Loss)	1,615	(600)
Balance 31 December	(1,013)	(2,628)

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2014

14 REMUNERATION OF AUDITORS

	2014 \$	2013 \$
The auditor of MYOB Finance Australia Limited is PricewaterhouseCoopers		
<i>Amounts received or due and receivable by PricewaterhouseCoopers (Australia) for:</i>		
• an audit or review of the financial report of the entity	26,500	25,500
	<u>26,500</u>	<u>25,500</u>

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2014

15 RELATED PARTY TRANSACTIONS

(a) Parent entity

The parent entity within the group is MYOB Group Pty Limited. The ultimate controlling entity (foreign resident) is Bain Capital Abacus Holdings L.P which at 31 December 2014 owns 95% of the issued ordinary shares of MYOB Group Pty Limited.

(b) Transactions with other related parties

Interest incurred on Subordinated notes totalling \$14.5 million was funded by MYOB Australia Pty Ltd. Interest income of \$17.8 million was earned on a related party receivable with MYOB Acquisition Pty Ltd.

All transactions were entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(c) Loans from related parties

	2014	2013
	\$'000	\$'000
MYOB Australia Pty Ltd	(29,978)	(15,476)
MYOB Acquisition Pty Ltd (non interest bearing loan)	(7,672)	(7,672)
MYOB Acquisition Pty Ltd	188,712	171,458

Notes to the Financial Statements (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2014

16 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 \$'000	2013 \$'000
Reconciliation of Net Profit / (Loss) after Income Tax with Cash Flow from Operations:		
Net profit / (loss) for the period	1,615	(600)
Cash flows excluded from operating profit / (loss) attributable to operating activities:		
Non-cash flows in operating profit / (loss)		
- Tax	693	(346)
- Debt raising fees	955	954
- Intercompany interest	(3,263)	-
Add back non operating cash flows		
- Divestment / Acquisition Activities	-	-
Changes in assets and liabilities, net of the effects of the purchase and disposal of subsidiaries:		
- Movement in trade creditors and accruals	(4)	(242)
Cash Flows from operations	<u>(4)</u>	<u>(234)</u>

17 EVENTS AFTER THE BALANCE SHEET DATE

The MYOB Group of companies are currently investigating a range of potential changes to the funding structure. At the time of signing these accounts a number of options are still being considered.



Independent auditor's report to the members of MYOB Finance Australia Limited

Report on the financial report

We have audited the accompanying financial report of MYOB Finance Australia Limited (the disclosing entity), which comprises the balance sheet as at 31 December 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the disclosing entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Corporations Act 2001* and for such internal control as the directors determine is 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 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 judgement, 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 control 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 control. 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*.

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's opinion

In our opinion:

- (a) the financial report of MYOB Finance Australia Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the disclosing entity's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Regulations 2001* and .
- (b) the disclosing entity's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of MYOB Finance Australia Limited (the disclosing entity) for the year ended 31 December 2014 included on MYOB Finance Australia Limited's web site. The disclosing entity's directors are responsible for the integrity of MYOB Finance Australia Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A large, stylized handwritten signature of PricewaterhouseCoopers.

PricewaterhouseCoopers

A handwritten signature of Chris Dodd.

Chris Dodd
Partner

Melbourne
25 February 2015