



Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Xero Limited

ABN

160 661 183 (ARBN)

Quarter ended

31 March 2015

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 March 2015.

Net cash outflows from operating and investing activities for the current quarter were NZ\$25.6 million compared with NZ\$22.9 million for the December 2014 quarter. The table below provides a summary of the percentage increase in cash flows for the current quarter and year to date with comparative periods last year.

	Quarterly increase % year on year	Full year increase % year on year
Receipts from customers	75%	78%
Payments for operating activities	82%	83%
Payments for investing activities	119%	82%

Items to note:

- Xero Limited (XRO) raised \$147.2 million from Accel Partners who invested NZ\$132.9 million at a price of NZ\$20 per share through a number of funds (the Accel Funds) under its management. Current shareholder Matrix Capital Management also invested an additional NZ\$14.3m (US\$10.8m). Accel Partners is a leading Silicon Valley venture capital firm focusing on early stage and growth stage investments.
- Xero had cash and short term deposit balances of NZ\$268.9 million at 31 March 2015.
- Office fit outs in Denver and Wellington incremented investing activities in this quarter over the comparative quarter resulting in 119% growth for the period.



Unaudited consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
1.1	Receipts from customers	35,645	119,566
1.2	Payments for		
	(a) staff costs	(22,103)	(84,278)
	(b) advertising and marketing	(9,979)	(27,113)
	(c) research and development	-	-
	(d) leased assets	(1,731)	(6,441)
	(e) other working capital	(15,394)	(49,021)
1.3	Dividends received	-	-
1.4	Interest received	976	7,950
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(395)	(1,866)
1.7	Other income	799	2,580
Net operating cash flows		(12,182)	(38,623)

Cash flows related to investing activities		Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	(5,349)
	(b) equity investments	-	-
	(c) intellectual property	(10,885)	(32,994)
	(d) physical non-current assets	(2,418)	(10,315)
	(e) other non-current assets	(83)	(1,100)
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	-	-
Net investing cash flows		(13,386)	(49,758)
1.14	Total operating and investing cash flows	(25,568)	(88,381)



Cash flows related to financing activities		Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
1.15	Proceeds from issues of shares	149,519	149,999
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:		
	- movement in short term deposits	(76,000)	(15,000)
	- issue costs	(2,845)	(2,845)
Net financing cash flows		70,674	132,154
Net increase (decrease) in cash held		45,106	43,773
1.21	Cash at beginning of quarter/year to date	13,834	14,886
1.22	Exchange rate adjustments to item 1.21	(74)	207
1.23	Cash at end of quarter/year to date	58,866	58,866

Reconciliation of cash and short term deposits

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	58,866	13,834
4.2 Deposits on call	-	-
4.3 Bank overdraft	-	-
4.4 Short term deposits	210,000	134,000
Total Cash and short term deposits at end of quarter	268,866	147,834

Payments to directors of the entity and associates of the directors

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

1.24 Aggregate amount of payments to the parties included in item 1.2

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

Current quarter \$NZ'000
705
-



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

- 3.1 Loan facilities
- 3.2 Credit standby arrangements

Amount available \$NZ'000	Amount used \$NZ'000
-	-
-	-

Acquisitions and disposals of business entities during the quarter

- 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

Acquisitions	Disposals
-	-
-	-
-	-
-	-
-	-

Compliance statement

1. Xero Limited has received a waiver from the 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.

Date 29 April 2015

Ross Jenkins
Interim CFO