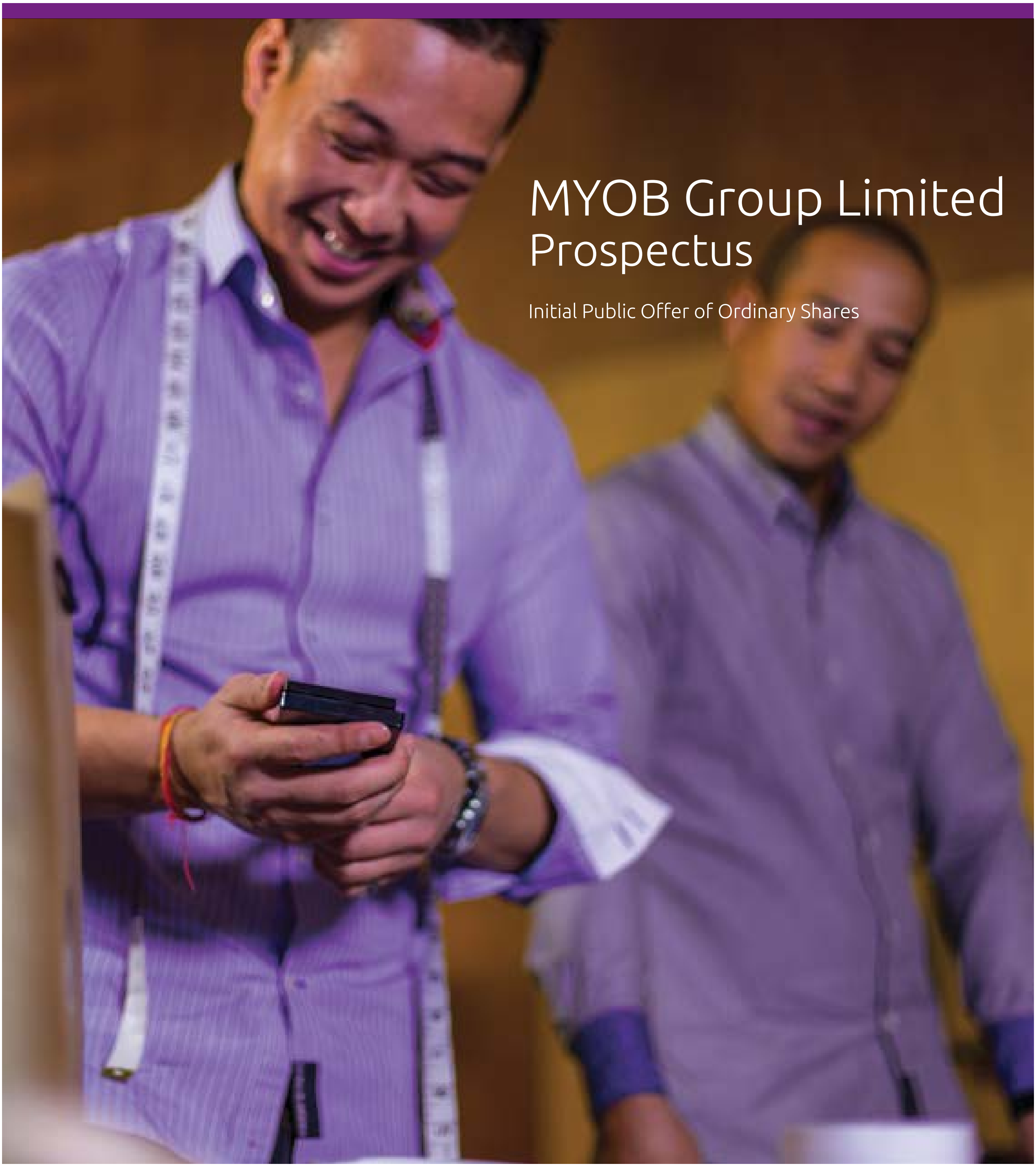
Love your work

MYOB Group Limited
ABN 61 153 094 958



MYOB Group Limited Prospectus

Initial Public Offer of Ordinary Shares

Financial Adviser

REUNION CAPITAL PARTNERS

Joint Lead Managers

citi

Goldman Sachs

Merrill Lynch

UBS

Supplementary Prospectus

MYOB Group Limited ABN 61 153 094 958

MYOB Retail Limited ABN 73 604 849 854

Further information in relation to Section 10.9 of the Prospectus

As referred to in section 10.9 of the Prospectus, a third party which owns a trademark registration for BANK*LINK in certain classes of goods and services is currently disputing MYOB's entitlement to use or register the BankLink brand in Australia.

On 24 April 2015, the third party referred to in section 10.9 of the Prospectus (Zanell Pty Limited ACN 098 456 449 ("**Third Party**")) issued proceedings in the Sydney registry of the Federal Court of Australia in which the Third Party claims that MYOB has infringed the Third Party's registered trade mark for BANK*LINK. The Third Party is seeking a declaration of infringement, unspecified damages or an account of profits, an injunction to prevent MYOB from using its BankLink brand and its costs.

Consistent with its statements in the Prospectus, MYOB does not accept the claims and intends to continue to assert its right to use the BankLink brand in the manner in which it currently does and MYOB intends to defend the Third Party's claims. MYOB has not made a provision in its Pro Forma Historical Balance Sheet or recognised a cash outflow in the Pro Forma and Statutory Forecast Cash Flows in relation to the matter.

Consent to lodgment of Supplementary Prospectus

Each of the Directors of the Company and SaleCo has given and has not withdrawn their consent to the lodgment of this Supplementary Prospectus with ASIC as required by section 720 of the Corporations Act 2001 (Cth).

IMPORTANT NOTICES

This supplementary prospectus is dated 27 April 2015 ("**Supplementary Prospectus**") and relates to the prospectus dated 14 April 2015 issued by MYOB Group Limited (ABN 61 153 094 958) ("**MYOB**") and MYOB Retail Limited (ABN 73 604 849 854) ("**SaleCo**") ("**Prospectus**"), relating to the initial public offering of fully paid ordinary shares ("Shares") in MYOB and listing of the Shares on the official list of ASX Limited ("**ASX**").

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission ("**ASIC**") on 27 April 2015. Neither ASIC nor ASX, nor their respective officers, take any responsibility for the contents of this Supplementary Prospectus or for the merits of the investment to which the Prospectus and this Supplementary Prospectus relates.

If there is a conflict between the Prospectus and the Supplementary Prospectus, the Supplementary Prospectus will prevail to the extent of the inconsistency. Unless otherwise defined, words and expressions used in this Supplementary Prospectus have the meanings given to them in the Prospectus.

This Supplementary Prospectus is available to Australian and New Zealand investors in electronic form at www.myobshareoffer.com.au.

This Supplementary Prospectus is an important document and should be read in their entirety and in conjunction with the Prospectus. Please consult your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest or if you do not fully understand the contents of these documents.

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Important Notices

OFFER

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in MYOB Group Limited (ABN 61 153 094 958) ("**MYOB**" or "**Company**") ("**Shares**"). This Prospectus is issued by MYOB and MYOB Retail Limited (ABN 73 604 849 854) ("**SaleCo**").

LODGEMENT AND LISTING

This Prospectus is dated 14 April 2015 and was lodged with the Australian Securities and Investments Commission ("**ASIC**") on that date. None of ASIC, the Australian Securities Exchange ("**ASX**") or their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. MYOB has applied to ASX for listing and quotation of the Shares on ASX. It is a replacement prospectus which replaces the prospectus dated 31 March 2015 and lodged with ASIC on that date ("**Original Prospectus**"). This Prospectus differs from the Original Prospectus, including in the following areas: to breakdown the redemption proceeds of the Redeemable Preference Shares referred to in Section 1.7 (and to confirm this redemption is separate from the selective buyback of Redeemable Preference Shares disclosed in the notes to Figure 11.2); to include the fee payable to Bain Capital on Completion (currently disclosed in the notes in Section 4.3.3) in Section 6.5.1; to further confirm that Figure 2.4 is intended as an illustration only and not a representation or forecast of future revenue of particular customers or growth of MYOB; to note that estimates of the future value of the Tier 1 and 2 Enterprise ERP Software Market may not be indicative or representative of how MYOB's Enterprise Solutions division may grow; to enhance the presentation of Figures 3.9 and 3.13 and illustrate key assumptions in the presentation of the estimated number of accountants in Australia and New Zealand in Figure 2.9; to clarify the interpretation of Figure 2.2, to remove the suggestion that the number of SMEs has grown relatively consistently; to amend the scale of Figure 3.13 (which shows year-on-year increase in paying users); and to break out the impact of repayment of other indebtedness from the impact of the New Banking Facilities in Figure 4.11. MYOB has also included disclosures in relation to MYOB's investment on 14 April 2015 (along with OnDeck Capital, Inc., a US based supplier of unsecured loans to SMEs and other investors) in OnDeck Capital Australia Pty Ltd, provided an additional description regarding forecast product development costs in Sections 4.8.1.2 and 4.8.3.2 and amended the definition of "Prospectus" (and associated definitions) and the Offer Timetable to reflect the lodgement of a replacement prospectus.

This Prospectus expires on the date which is 13 months after the date of the Original Prospectus. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

NOTE TO APPLICANTS

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in MYOB. You should carefully consider this Prospectus in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of MYOB, the repayment of capital by MYOB or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by MYOB, its Directors, SaleCo or the SaleCo Directors.

NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your application to acquire Shares under this Prospectus ("**Application**") once it has been accepted.

EXPOSURE PERIOD

The Corporations Act 2001 (Cth) ("**Corporations Act**") prohibits MYOB from processing Applications in the seven day period after the date of lodgement of the Original Prospectus ("**Exposure Period**"). This period may be extended by ASIC by up to a further seven days. The Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period. No offer is being made to New Zealand investors during the Exposure Period.

IMPORTANT INFORMATION FOR NEW ZEALAND INVESTORS

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001 (Cth) ("**Regulations**"). In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations set out how the Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Shares is not New Zealand dollars. The value of the Shares will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the Shares to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the Shares are able to be traded on a securities market and you wish to trade the Shares through that market, you will have to make arrangements for a participant in that market to sell the Shares on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the Shares and trading may differ from securities markets that operate in New Zealand.

OBTAINING A COPY OF THIS PROSPECTUS

This Prospectus is available to Australian and New Zealand investors in electronic form at www.myobshareoffer.com.au. The Offer constituted by this Prospectus in electronic form at www.myobshareoffer.com.au is available only to persons within Australia and New Zealand. It is not available to persons in other jurisdictions (including the United States). Persons having received a copy of this Prospectus in its electronic form may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the MYOB Offer Information Line on 1800 992 613 within Australia.

If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 1800 992 613. Applications for Shares may only be made on an application form attached to or accompanying this Prospectus, or in its paper copy form which may be downloaded in its entirety from www.myobshareoffer.com.au. Refer to Section 7 for further information.

STATEMENTS OF PAST PERFORMANCE

This Prospectus includes information regarding the past performance of the MYOB Group. Investors should be aware that past performance is not indicative of future performance.

FINANCIAL PERFORMANCE

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is set out in Section 4.2. All references to FY2012, FY2013, FY2014 and FY2015 appearing in this Prospectus are to the financial years ended or ending 31 December 2012, 31 December 2013, 31 December 2014 and 31 December 2015, respectively, unless otherwise indicated. All references to 12 month June-15 and 12 month June-16 are to the 12 months ending 30 June 2015 and the 12 months ending 30 June 2016, respectively. All references to 1H2015 and 1H2016 are to the half years ending 30 June 2015 and 30 June 2016, respectively. The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

FORWARD LOOKING STATEMENTS AND MARKETING AND INDUSTRY DATA

This Prospectus includes Forecast Financial Information based on an assessment of present economic and operating conditions, and on a number of specific and general assumptions set out in Section 4.7 regarding future events and actions that, as at the date of the Original Prospectus, MYOB expects to take place. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, are consistent with the basis of preparation and presentation for the Pro Forma Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

This Prospectus contains forward looking statements which are identified by words such as "believes", "considers", "could", "estimates", "expects", "intends", "may", and other similar words that involve risks and uncertainties. The Forecast Financial Information is an example of forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of MYOB and SaleCo.

Any forward looking statements are subject to various risk factors that could cause MYOB's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, general assumptions as set out in Section 4.7.2, specific assumptions as set out in Section 4.7.1, sensitivity analysis as set out in Section 4.9, and other information in this Prospectus.

MYOB cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. MYOB has no intention of updating or revising forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

This Prospectus, including the overviews of the industry in which MYOB operates in Section 2 and of MYOB in Section 3, uses market data, industry forecasts and projections. MYOB has based some of this information on market research prepared by third parties. MYOB has also based some of this market data, industry forecasts and projections on information, including data pertaining to subjective market perceptions obtained from the December 2014 Surveys described in Section 2.1.

The information contained in these surveys (and other forecasts and reports of third parties) includes assumptions, estimates and generalisations that MYOB believes to be reliable, but MYOB cannot guarantee the completeness of such information.

PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by MYOB. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

COMPANY WEBSITE

Any references to documents included on MYOB's website at www.myob.com.au are for convenience only, and none of the documents or other information available on MYOB's website is incorporated herein by reference.

DEFINED TERMS AND TIME

Defined terms and abbreviations used in this Prospectus have the meanings given in the glossary in Appendix E. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time (GMT +11).

DISCLAIMER

Except as required by law, and only to the extent so required, neither MYOB nor any other person warrants or guarantees the future performance of MYOB, or any return on any investment made pursuant to this Prospectus.

As set out in Section 7.8.3, it is expected that the Shares will be quoted on ASX initially on a conditional and deferred settlement basis. MYOB, SaleCo, MYOB's service provider Link Market Services Limited (ABN 54 083 214 537) ("**Share Registry**"), the Financial Adviser, the Joint Lead Managers and the Selling Shareholders disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia or New Zealand. The distribution of this Prospectus outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, or relied upon by, any person in the United States, unless accompanied by the Institutional Offering Memorandum as part of the Institutional Offer.

In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended ("**US Securities Act**") or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

PRIVACY

By filling out the Application Form to apply for Shares, you are providing personal information to MYOB and SaleCo through the Share Registry, which is contracted by MYOB to manage Applications. MYOB and SaleCo, and the Share Registry on their behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application, servicing your needs as a Shareholder, providing facilities and services that you need or request and carrying out appropriate administration.

If you do not provide the information requested in the Application Form, MYOB, SaleCo and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by MYOB, which it considers may be of interest to you.

Your personal information may also be provided to MYOB's agents and service providers on the basis that they deal with such information in accordance with MYOB's privacy policy. The agents and service providers of MYOB may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an applicant becomes a Shareholder, the Corporations Act requires MYOB to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. The information contained in MYOB's register of members must remain there even if that person ceases to be a Shareholder. Information contained in MYOB's register of members is also used to facilitate dividend payments, corporate communications (including MYOB's financial results, annual reports and other information that MYOB may wish to communicate to its Shareholders) and compliance by MYOB with legal and regulatory requirements. An applicant has a right to gain access to their personal information that MYOB and the Share Registry hold about that person, subject to certain exemptions under law.

A fee may be charged for access. Access requests must be made in writing or by a telephone call to MYOB's registered office or the Share Registry's office, details of which are disclosed in the corporate directory on the final page of this Prospectus. Applicants can obtain a copy of MYOB's privacy policy by visiting the MYOB website (www.myob.com.au).

By submitting an Application, you agree that MYOB and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer.

REPORT ON DIRECTORS' FORECASTS AND FINANCIAL SERVICES GUIDE

The provider of the independent review on the Forecast Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The financial services guide is provided in Section 9.

USE OF TRADEMARKS

This Prospectus includes MYOB's registered and unregistered trademarks. All other trademarks, tradenames and service marks appearing in this Prospectus are the property of their respective owners.

QUESTIONS

Please call the MYOB Offer Information Line at 1800 992 613 (within Australia) or +61 1800 992 613 (outside Australia) from 8:30am until 5:30pm (Sydney time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether MYOB is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in MYOB. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

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Chairman's Letter

Dear investor,

On behalf of the Directors, I am pleased to offer you the opportunity to become a shareholder in MYOB.

MYOB is one of the largest providers of desktop and cloud business management software solutions to businesses and accounting practices in Australia and New Zealand. The group is a market leader through its SME Solutions, Practice Solutions and Enterprise Solutions divisions, servicing over 1.2 million small and micro businesses, 40,000 accountants and 6,400 larger enterprises as of December 2014. MYOB has a long history of providing accounting software to small businesses in Australia, having been founded in 1991. Between 1999 and 2008 the Company was listed on ASX and in 2011 was acquired by Bain Capital.

MYOB generates revenue from selling desktop and cloud software products that provide accounting, tax and payroll solutions for small and micro businesses, client accounting and practice management software for accounting practices, and enterprise resource planning and human resource management software for larger enterprises.

MYOB is led by an experienced senior management team that, for the last three years, has undertaken significant investment in product development, spending over $100 million in research and development. MYOB has transformed its business model for its SME and Enterprise Solutions divisions from a traditional desktop solution to a market leading cloud solution. Over this period, the MYOB group has successfully integrated the acquisition of BankLink, launched MYOB Essentials and MYOB Advanced and further enhanced MYOB AccountRight. MYOB has invested in mobile capabilities through MYOB PayDirect and was the first business management software provider to introduce an integrated smart bills feature in the Australian and New Zealand market. MYOB is also targeting the launch of the first modules of cloud solutions for its Practice Solutions products, AccountantsOffice and AccountantsEnterprise, in 2015.

MYOB's strategy is focused on growing shareholder returns by seeking to promote the adoption of cloud solutions, increasing usage of cloud products, and growing customer lifetime value and average revenue per user. MYOB is also well positioned to enhance the relationship between accountants and SMEs in order to increase referrals of MYOB's products by accountants. MYOB also plans to offer a broader range of connected services and product functionalities to increase the average revenue per user.

MYOB's recent business transformation has delivered strong revenue and earnings growth, EBITDA expansion and strong operating cash flow generation. The purpose of the Offer is to allow MYOB to repay existing liabilities, enable management shareholders to partially monetise their investment, provide a liquid market for MYOB's shares, provide MYOB with access to capital markets, broaden the Company's shareholder base and provide MYOB with the benefits of an increased profile as a listed entity.

The existing shareholders in MYOB include Bain Capital and management. Bain Capital will retain all of its ordinary shares in MYOB on listing on the ASX, holding approximately 57% of MYOB's issued ordinary shares. Management will sell part of their current stake and will hold approximately 3% of MYOB's issued ordinary shares on listing. Management will also hold incentive-based performance shares. These percentages assume that the final price of the Offer is at the mid-point of the indicative price range and that 50% of existing retail notes issued by an MYOB Group company are exchanged for ordinary shares. Bain Capital and management will enter into voluntary escrow agreements in relation to the shares they hold on listing.

This Prospectus contains detailed information about the Offer, the historical and forecast position of MYOB and the material risks associated with an investment in the Company. Key risks that MYOB is exposed to include a failure to retain existing clients and attract new business, a failure to grow its paying user base, increased spending requirements or delays in product development, maintenance and support, risks associated with operating in a competitive industry and IT infrastructure risks.

I encourage you to read this document carefully and in its entirety before making an investment decision.

On behalf of the Directors, I look forward to welcoming you as a shareholder of MYOB.

Yours sincerely,

Justin Milne
Chairman, MYOB

Important Dates

Description	Date
Prospectus lodgement with ASIC	14 April 2015
Noteholder Exchange Offer opens	15 April 2015
Broker Firm Offer, Priority Offer and Employee Offer open	15 April 2015
Noteholder Exchange Offer Closing Date	22 April 2015
Broker Firm Offer, Priority Offer and Employee Offer Closing Date	27 April 2015
Bookbuild to determine Final Price	29 – 30 April 2015
Final Price announcement to the market	1 May 2015
Expected commencement of trading on ASX (conditional and deferred settlement basis)	4 May 2015
Settlement	6 May 2015
Completion (issue and transfer of Shares) (last day of conditional trading)	7 May 2015
Expected dispatch of holding statements	8 May 2015
Expected commencement of trading on ASX (normal settlement basis)	11 May 2015

Dates may change

This timetable is indicative only and may change without notice. Unless otherwise indicated, all times are stated in Sydney time.

The Joint Lead Managers, in consultation with the Company, reserve the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend a closing date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or applicants).

If the Offer is cancelled or withdrawn before the allocation of Shares, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

How to invest

Applications for Shares can only be made by completing and lodging an Application Form. Applicants under the Noteholder Exchange Offer must also complete a valid Exchange Notice.

Instructions on how to apply for Shares are set out in Section 7 and on the back of the Application Form.

Questions

Please call the MYOB Offer Information Line at 1800 992 613 (within Australia) or +61 1800 992 613 (outside Australia) from 8:30am until 5:30pm (Sydney time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether MYOB is a suitable investment for you, you should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in MYOB.

Key Offer statistics

Key Offer Statistics[1]

Indicative Price Range[2]	$3.00 – $4.00 per Share
Total proceeds under the Offer[3]	$831.7 – $833.8 million
Total number of Shares available under the Offer[3]	208.5 – 277.2 million
Total number of Shares to be held by Existing Shareholders[4]	356.1 million
Total number of Shares on issue at Completion[5]	564.6 – 633.4 million
Indicative market capitalisation[6]	$1,900.1 – $2,258.4 million
Pro forma net debt (as at 31 December 2014)[7]	$435.0 million
Enterprise value[8]	$2,335.1 – $2,693.4 million
Enterprise value/pro forma 12 month June-16 forecast EBITDA[9]	14.5x – 16.8x
Enterprise value/pro forma 12 month June-16 forecast EBITA[10]	16.0x – 18.4x
Price/pro forma 12 month June-16 forecast NPATA per Share[11]	20.9x – 24.9x
Implied forecast dividend yield for the 12 months ending 30 June 2016[12]	2.8% – 3.3%

1. The Forecast Financial Information set out in Section 4 has been prepared on the basis of the specific and general assumptions set out in Sections 4.7.1 and 4.7.2 and should be read in conjunction with the discussion of the Pro Forma Historical Financial Information and the Forecast Financial Information in Section 4, including the sensitivities set out in Section 4.9, and the risk factors set out in Section 5.
2. The Indicative Price Range is the indicative range for the Final Price (the "**Indicative Price Range**"). The Final Price may be set below, within or above the Indicative Price Range (refer to Section 7.4.3 for further details). Shares may trade below the Final Price following Completion.
3. This is based on the Indicative Price Range and assumes that 50% of the Existing Retail Notes are Exchanged through the Noteholder Exchange Offer (a "**50% Retail Note Exchange**"). Arrangements under the Noteholder Exchange Offer are described in further detail in Section 7.5.
4. These Shares will be subject to voluntary escrow arrangements. See Section 7.9 for further details of these voluntary escrow arrangements.
5. This assumes a 50% Retail Note Exchange. Any reference to Shares in this Prospectus excludes Performance Shares to be held by Management Shareholders as referred to in Section 6.3.4.1.
6. Indicative market capitalisation is calculated as the Indicative Price Range multiplied by the resulting total number of Shares on issue at Completion (assuming a 50% Retail Note Exchange).
7. Pro forma net debt is calculated as the sum of the New Banking Facilities less pro forma cash and cash equivalents (refer to Section 4.5.2 for further details).
8. Enterprise value is calculated as the indicative market capitalisation of $1,900.1 to $2,258.4 million (based on the Indicative Price Range and a 50% Retail Note Exchange), plus pro forma net debt of $435.0 million as at 31 December 2014.
9. This ratio is commonly referred to as an EV/EBITDA ratio. The EV/EBITDA ratio is calculated as the enterprise value (based on the Indicative Price Range and a 50% Retail Note Exchange) divided by pro forma 12 month June-16 forecast EBITDA (refer to Section 4.2.5 for an explanation of EBITDA).
10. This ratio is commonly referred to as an EV/EBITA ratio. The EV/EBITA ratio is calculated as the enterprise value (based on the Indicative Price Range and a 50% Retail Note Exchange) divided by pro forma 12 month June-16 forecast EBITA (refer to Section 4.2.5 for an explanation of EBITA).
11. This ratio is commonly referred to as a P/E (NPATA basis) ratio. The P/E (NPATA basis) ratio is calculated as the price per Share (based on the Indicative Price Range and a 50% Retail Note Exchange) divided by pro forma 12 month June-16 forecast NPATA per Share (being pro forma 12 month June-16 forecast NPATA of $90.7 million (refer to Section 4.3.1 for further details and Section 4.2.5 for an explanation of NPATA) divided by the total number of Shares on issue immediately at Completion as implied by the Indicative Price Range).
12. Calculated as the implied dividends per Share based on a 70% dividend payout ratio (being the mid-point of the target dividend payout ratio of between 60% and 80% of annual statutory NPATA as described in Section 4.10) divided by the Indicative Price Range. The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors the Directors may consider relevant. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. For more information on the Company's dividend policy, see Section 4.10.

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1

Investment Overview

1 Investment Overview

1.1 Introduction

Topic	Summary	For more information
What is MYOB's business?	MYOB is a leading provider of desktop and cloud business management software solutions to businesses and accounting practices in Australia and New Zealand. Australia is its largest geographic market, accounting for 83% of pro forma revenue in FY2014. Over the last three years, MYOB has accelerated its development of cloud software solutions and today offers a range of cloud products and Connected Services to small, medium and large businesses. MYOB's vision is to make business life easier. Central to this vision is to be at the centre of a mobile, connected world via a suite of cloud solutions. MYOB employs over 1,100 FTEs and is headquartered in Melbourne, Australia.	Section 3.1
Who are MYOB's customers?	MYOB's customers include a broad spectrum of small to large businesses and accounting practices, including, as of December 2014: • Over 1.2 million micro businesses (0 – 4 FTEs) and small businesses (5 – 19 FTEs), collectively referred to as "SMEs"; • 40,000 accountants operating across small (single partner) and large (multiple partner) accounting practices; and • 6,400 larger enterprises, including "Tier 3 Enterprises" (20 – 199 FTEs) and "Tier 2 Enterprises" (200 – 999 FTEs).	Section 3.1
What are MYOB's key markets and business divisions?	MYOB's operations compete in the following markets in Australia and New Zealand and are divided into the following three divisions: • **SME Solutions:** competing in the SME Software Market and providing "Accounting Software", including accounting, tax, payroll and other business management software, to SMEs. This division accounted for 60% of pro forma revenue in FY2014; • **Practice Solutions:** competing in the Practice Software Market and providing "Practice Software", including client accounting, practice management, tax management and document management software, to accounting practices. This division accounted for 27% of pro forma revenue in FY2014; and • **Enterprise Solutions:** competing in the Enterprise Software Market and providing "Enterprise Software", including ERP and HRM software, to Tier 2 and 3 Enterprises. This division accounted for 13% of pro forma revenue in FY2014.	Sections 2 and 3.1

Topic	Summary	For more information
What are MYOB's key products?	Key products currently offered by the SME Solutions division include: • **MYOB BankLink:** a desktop solution to deliver an SME's transaction data from its bank to its accountant using live data feeds; • **MYOB Essentials:** a cloud solution for small businesses with simple accounting needs; and • **MYOB AccountRight:** a cloud or desktop solution for businesses with more complex accounting needs. Key products currently offered by the Practice Solutions division include: • **MYOB AccountantsOffice:** a desktop solution for small, single partner accounting practices; and • **MYOB AccountantsEnterprise:** a desktop solution for larger, multiple partner accounting practices. MYOB is also currently developing cloud products for its Practice Solutions products, with launch and commencement of rollout targeted in 2015. Key products currently offered by the Enterprise Solutions division include: • **MYOB Advanced Business:** a cloud ERP software solution for Tier 2 and 3 Enterprises; • **MYOB EXO:** a desktop ERP and HRM software solution for Tier 3 Enterprises; and • **MYOB PayGlobal:** a desktop HRM software for Tier 2 and 3 Enterprises. MYOB launched MYOB Advanced Business in January 2015 and is also currently developing an HRM cloud software solution, MYOB Advanced People, which is targeted to be released in early 2016.	Sections 3.1.1 and 3.5
Why is the Offer being conducted?	The Offer is being conducted to: • raise capital to reduce MYOB's existing liabilities (including redemption of the Redeemable Preference Shares held by Bain Capital and certain Management Shareholders); • allow Management Shareholders to partially monetise their investment in the Company; • provide a liquid market for Shares and an opportunity for others to invest in MYOB; • provide MYOB with access to the capital markets to improve capital management flexibility; and • provide MYOB with the benefits of an increased profile that arises from being a listed entity.	Section 7.1.2

1.2 Key features of MYOB's business model

Topic	Summary	For more information
How does MYOB generate its revenue?	MYOB generates revenue from selling desktop and cloud products and related services to its users. It has two types of users, which generate revenue in different ways: • **Desktop users:** – **SME Solutions:** make a one-off, upfront payment to purchase a perpetual licence to use MYOB software and can choose to make additional maintenance payments; – **Practice Solutions:** make a one-off, upfront new licence payment, which includes a consulting fee for MYOB to install the software, and then make ongoing maintenance payments to MYOB; and – **Enterprise Solutions:** make a one-off, upfront new licence payment and then make ongoing maintenance payments to MYOB; and • **Cloud users:** make ongoing subscription payments to use MYOB's software. MYOB users can also be divided into **Paying Users** and **Non-paying Users**: • **Paying Users:** make regular or multiple payments to MYOB. They comprise all cloud users and those desktop users that make additional maintenance payments; and • **Non-paying Users:** desktop users in the SME Solutions division that only purchase the initial perpetual licence and do not make additional maintenance payments. See Sections 2.2.2 and 3.3.1 for a more detailed description of Paying and Non-paying Users. MYOB offers two types of payment plans to its users: • **Fixed term contracts:** users make maintenance or subscription payments for a fixed period, generally paid upfront; and • **Ongoing contracts:** a rolling contract with ongoing (e.g. monthly) payments for both desktop and cloud users. The majority of MYOB's new users enter ongoing contracts. MYOB also generates revenue through the sale of Connected Services that complement MYOB's core software products, and transaction services which include the processing of financial transactions and provision of training sessions and seminars.	Section 3.3.1
What are MYOB's key sales channels?	MYOB markets and sells its products through a number of channels: • **Accountants and other business partners:** sales made through MYOB business partners, primarily comprised of accountants, bookkeepers and IT consultants; • **Direct sales:** include the MYOB website and contact centre; and • **Retail:** the sale of physical software via third party retailers.	Section 3.5.1.2

Topic	Summary	For more information
What are MYOB's key costs incurred in generating its revenues?	Key operating expense categories for MYOB include: • **COGS:** costs associated with delivering MYOB's software to users, predominantly the cost of hosting cloud products with external vendors and fees to financial institutions for the provision of bank feeds; • **Staff related expenses:** costs associated with the salaries, related on-costs, share-based payments and sales commissions of all MYOB staff, including product development, sales and marketing, customer support, executive management and head office staff; • **Marketing expenses:** costs associated with the sales and marketing efforts of acquiring new users and retaining existing users; and • **General office and administration expenses:** costs predominantly relating to MYOB's corporate functions and including rental and utility costs associated with MYOB's premises, IT infrastructure and administration expenses, such as adviser fees.	Section 4
How many Paying Users does MYOB have and has this number grown in recent times?	In December 2014, MYOB had approximately 505,000 Paying Users, including over 116,000 cloud users. This represents a CAGR of 10% in Paying Users since December 2011[1], underpinned by strong growth in cloud users, which grew at a CAGR of 210% over the same period. This growth is supported by continued investment in new and innovative software solutions, with MYOB spending over $100 million in R&D over the last three years. MYOB is focused on driving cloud adoption and increasing its Paying User base.	Sections 3.3.1.1 and 3.3.3
Why is the relationship between SMEs, their accountants and MYOB important to MYOB's business model?	MYOB has strong relationships with accounting practices in Australia and New Zealand. MYOB believes the relationship between SMEs, their accountants and MYOB creates an "accounting adoption cycle" (described below) that will assist it to increase its user base and market share: • MYOB focuses on developing innovative software solutions, supported by R&D investment; • this enables MYOB to offer integrated software solutions to accountants and their SME clients; • this in turn assists MYOB to benefit from a large share of accountant recommendations. (The December 2014 Surveys[2] indicate that 66% of accountants that use MYOB Practice Software recommend MYOB Accounting Software to their SME clients); and • this may assist to drive an increased market share of SMEs using Accounting Software. (The December 2014 Surveys indicate that 70% of SMEs have chosen an accounting product recommended by their accountant or bookkeeper.)	Section 3.3.2
What is MYOB's growth strategy?	Key aspects of MYOB's growth strategy include: • increasing the number of Paying Users by encouraging adoption of existing cloud products and releasing new cloud products; • continuing to invest in product innovation to ensure MYOB continues to offer a differentiated and competitive product offering; • increasing average revenue per Paying User through increased prices due to greater product functionality and the sale of Connected Services; and • identifying acquisition opportunities, particularly in the fragmented ERP Software Market for Tier 2 and 3 Enterprises.	Section 3.6

1. The 10% CAGR in Paying Users since December 2011 includes BankLink user numbers over the period, and includes pro forma adjustments pre May 2013 when BankLink was acquired by MYOB.
2. These comprise suveys of SMEs and accountants completed by The Rothcorp Group Pty Ltd for MYOB in December 2014. Refer to Section 2.1 for more detail.

Topic	Summary	For more information
How does MYOB expect to fund its operations?	MYOB's principal sources of funds are expected to be cash flow generated from operations, cash on hand and borrowings under the New Banking Facilities. MYOB expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period.	Section 4.5.4

1.3 Key strengths

Topic	Summary	For more information
Market leading provider of business management software solutions in Australia and New Zealand	MYOB is the market leader in the SME Software Market by users, estimating that its users comprise approximately 60% to 65% of the total number of Accounting Software users in this market. MYOB is also the market leader in the Practice Software Market by revenue, estimating that its Practice Solutions revenue in FY2014 comprised 60% to 65% of participant revenues in this market. The Company believes its leading share in the Practice Software Market positions it well to benefit from the 'accounting adoption cycle' and, in turn, helps maintain its leading position as measured above in both the SME and Practice Software markets. MYOB believes it is also a market leader in the Enterprise Software Market by revenue, estimating that its Enterprise Solutions revenue in FY2014 comprised approximately 15% of participant revenues in this market.	Sections 3.1 and 3.3.2
Well placed to benefit from attractive industry dynamics in Australia and New Zealand	The markets in which MYOB operates are undergoing a period of growth, underpinned by a number of positive trends, including: • increasing number of businesses using business management software; • increasing number of businesses choosing cloud solutions over desktop solutions in recognition of the additional benefits of cloud software; and • increasing prices paid for software as a result of greater product functionality. The transition from desktop to cloud software is important to the future growth of software providers such as MYOB, as the cumulative lifetime value of a cloud user has the potential to be higher than that of a desktop user in the medium to long term. MYOB believes it is well placed to benefit from this shift towards cloud solutions due to: • the recent momentum in MYOB's cloud market share, with MYOB capturing an increasing proportion of new cloud users among SMEs; • MYOB's leading share in desktop software solutions, which positions the Company to benefit from the migration of desktop users to the cloud; and • support among SMEs and accountants.	Sections 2 and 3.3.1.1
Strong brand awareness	The December 2014 Surveys indicate that MYOB has the highest prompted brand awareness among key Accounting Software brands in Australia and the highest unaided brand awareness in Australia for cloud accounting solutions. MYOB believes brand has a significant influence on a user's purchasing decision. MYOB's strong brand recognition and positive brand reputation are therefore critical to MYOB's success.	Section 3.4

Topic	Summary	For more information
High user retention rates	MYOB is characterised by high user retention rates (i.e. the percentage of software users who remain with a software provider over a given period), with the majority of its users having been with the Company for six years or more. Pre 2005 clients in Australia still account for 42% of sales in FY2014. Further, MYOB's high user retention rates have been largely unaffected by price increases. In the financial year ended 31 December 2011, MYOB's SME user retention rate was approximately 78%, which grew to approximately 81% in FY2014. These retention rates are supported by the recognition by businesses of the importance of business management software to the efficient operation of their business, as well as the high anticipated costs of switching providers. An ongoing shift to cloud products has also helped increase retention rates.	Sections 3.3.4 and 3.4
High proportion of Recurring Revenue	MYOB has consistently maintained a high level of Recurring Revenue, increasing from 89% of total pro forma revenue in FY2012 to 94% in FY2014. Recurring Revenue is revenue derived from Paying Users including subscription and maintenance payments, but excluding one-off perpetual and new licence payments. MYOB believes that continued migration to the cloud will further support high levels of Recurring Revenue through the receipt of subscription payments from cloud users.	Section 3.3.4
High cash generation and attractive financial profile	MYOB has an attractive financial profile including historically high cash generation: • MYOB's pro forma revenue has increased at a CAGR of 8% between FY2012 and FY2014; • MYOB has maintained its pro forma EBITDA margin (EBITDA as a proportion of total sales) at above 40% between FY2012 and FY2014; and • MYOB has historically had a high cash conversion ratio post capital expenditure, at 88% in FY2014.	Section 4
Proven management team	MYOB's senior management team has considerable experience both in the software industry and with MYOB. • The senior management team is led by Chief Executive Officer, Tim Reed, who was appointed CEO of MYOB in June 2008. Tim has spent over 11 years with the business and prior to that built up considerable software experience in Silicon Valley. • Richard Moore, Chief Financial Officer, has extensive financial management experience as the former CFO of Jetstar and CFO of BankWest Business and via management positions held at GE Capital. • Senior management are incentivised to drive MYOB's performance via their participation in short term incentives and the LTIP.	Section 6.2

1.4 Key risks

Topic	Summary	For more information
Failure to retain existing clients and attract new business	MYOB relies on its users making perpetual and new licence, maintenance and cloud subscription payments under fixed term or ongoing contracts. There is a risk of such underlying contracts being cancelled or not being renewed, possibly on short notice, by the user. There is a risk that accountants may stop recommending MYOB software to SMEs, or start recommending competing products to current MYOB clients. In addition, existing SME, accountant and larger enterprise users may independently begin using competitors' products.	Section 5.2.1
Failure to grow Paying User base	There is a risk that MYOB does not successfully implement its strategy of increasing its Paying User base, either due to a failure to migrate its clients to cloud solutions or assumptions underlying its forecasts not materialising. There is also a risk that the market for cloud software develops more slowly than MYOB expects and that cloud software does not achieve and sustain high levels of client demand and market acceptance. Even if cloud software develops rapidly, there is an inherent risk in migrating MYOB's clients to the cloud, as well as a potential need to increase investment in product development to meet client needs and demands. A failure to meet such requirements could result in a loss of clients.	Section 5.2.2
Failure to increase average revenue per Paying User	There is a risk that MYOB may not be able to increase its average revenue per Paying User. This may occur if it is unable to successfully introduce future price increases. MYOB is currently in the process of seeking to encourage its users to adopt cloud solutions. Typically, greater revenue is generated over the short term from desktop users who purchase perpetual and new licences than from cloud users who do not pay upfront under a subscription arrangement. If this migration occurs faster than anticipated, MYOB's near term earnings and cash flow may be adversely affected.	Section 5.2.3
Decline in Australian or New Zealand general economic and sector conditions	There is a risk that a downturn in the Australian or New Zealand economy could negatively impact businesses (including the number of SMEs being formed) and accountants. It could also lead to MYOB's clients closing their businesses or reducing the size of their businesses, or seeking to reduce their expenses. These are outcomes that may ultimately have an adverse impact on MYOB's business, financial performance and operations if users stop using or reduce their use of MYOB products.	Section 5.2.4
MYOB operates in a competitive industry	MYOB competes against other providers of software and services and its operating performance is influenced by a number of competitive factors including the success and awareness of its brand, the loyalty of its user base, its relationship with accountants, the scope of its product offering and its commitment to ongoing product innovation. As such, there is a risk that: • existing competitors could increase their competitive position through aggressive marketing campaigns, product innovation or price discounting; • MYOB could seek to implement changes to existing software products that are not well received by clients or do not function as intended; • MYOB may fail to anticipate and adapt to technology changes or client expectations at the same rate as that of competitors; and • new competitors could enter the markets within which MYOB operates, particularly as the markets continue to move from desktop software to cloud software; or existing Enterprise Software providers could increase their focus more on Tier 2 and 3 Enterprises in Australia and New Zealand.	Section 5.2.5

Topic	Summary	For more information
Investment in product development, maintenance and support	There is a risk that in upgrading current products or introducing new products, MYOB may need to spend more on product development than anticipated and the Company may encounter delays in taking products to market. There is also a risk that MYOB users receive inadequate support as they migrate to the cloud, which could affect the client experience and MYOB's brand, adversely impacting MYOB's business, financial performance and operations.	Section 5.2.6
Relationships with third party IT suppliers	MYOB relies on certain contracts with third party suppliers to maintain and support its IT infrastructure, particularly related to its cloud services. If any such contracts are terminated for any reason, this could impact MYOB's operations and overall profitability. MYOB could face significant additional cost or business disruption if: • any such providers fail to enable MYOB to provide its users with reliable, real-time access to its products and any of the data of its users stored in such data centres; or • MYOB's arrangements with such providers are terminated or altered in a way that is detrimental to MYOB and MYOB cannot find alternative sources of technology or systems on commercially reasonable terms or on a timely basis.	Section 5.2.7
IT infrastructure	MYOB and its cloud users are dependent on the performance, reliability and availability of MYOB's technology platforms, third party data centres and global communications systems. MYOB may fail to design, build and maintain a technology platform which is appropriate to its business in the future. If MYOB's technology platform is compromised or suppliers' redundancy infrastructure and systems prove insufficient, MYOB's ability to reliably service its users may be compromised, which in turn may have a material adverse effect on MYOB's brand, reputation and user relationships.	Section 5.2.8
Security breach and data privacy	MYOB's products involve the storage and transmission of its clients' proprietary information, including personal or identifying information regarding their employees, clients and suppliers, as well as their finance and payroll data. It is possible that the measures taken by MYOB will not be sufficient to prevent unauthorised access to, or disclosure of, confidential information. Any accidental or wilful security breaches or other unauthorised access to MYOB's clients' data may subject MYOB to reputational damage, claims by users, loss of key users, legal action and regulatory scrutiny.	Section 5.2.9
Failure to keep abreast of changes in political and regulatory environments	If MYOB does not deliver software that accurately responds to relevant changes in laws, accounting standards and government policies, it could adversely impact its business, financial performance and operations.	Section 5.2.15
Other risks	More details on these risks and a number of other risks are also included in Section 5 including risks relating to reputational damage; breach of third party intellectual property rights; failure to protect intellectual property rights; ability to attract and retain key personnel; integration of acquired business and execution of new acquisitions; ability to access capital markets or refinance debt on attractive terms; interest rate fluctuations, adverse movements in exchange rates, litigation, and impairment of goodwill and other assets.	Section 5

1.5 Key Offer statistics

Topic	Summary		For more information
What are the key Offer statistics?[1]	Indicative Price Range[2]	$3.00 – $4.00 per Share	Sections 4.5.2 and 7
	Total proceeds under the Offer[3]	$831.7 – $833.8 million	
	Total number of Shares available under the Offer[3]	208.5 – 277.2 million	
	Total number of Shares to be held by Existing Shareholders[4]	356.1 million	
	Total number of Shares on issue at Completion[5]	564.6 – 633.4 million	
	Indicative market capitalisation[6]	$1,900.1 – $2,258.4 million	
	Pro forma net debt (as at 31 December 2014)[7]	$435.0 million	
	Enterprise value[8]	$2,335.1 – $2,693.4 million	
What are the key investment metrics?	Enterprise value/pro forma 12 month June-16 forecast EBITDA[9]	14.5x – 16.8x	Section 4
	Enterprise value/pro forma 12 month June-16 forecast EBITA[10]	16.0x – 18.4x	
	Price/pro forma 12 month June-16 forecast NPATA per Share[11]	20.9x – 24.9x	
	Implied forecast dividend yield for the 12 months ending 30 June 2016[12]	2.8% – 3.3%	
	Pro forma net debt (as at 31 December 2014)/pro forma FY2015 forecast EBITDA[13]	2.9x	
	Pro forma net debt (as at 31 December 2014)/pro forma 12 month June-16 forecast EBITDA[14]	2.7x	

1. The Forecast Financial Information set out in Section 4 has been prepared on the basis of the specific and general assumptions set out in Sections 4.7.1 and 4.7.2 and should be read in conjunction with the discussion of the Pro Forma Historical Financial Information and the Forecast Financial Information in Section 4 including the sensitivities set out in Section 4.9, and the risk factors set out in Section 5.
2. The Indicative Price Range is the indicative range for the Final Price. The Final Price may be set below, within or above the Indicative Price Range (refer to Section 7.4.3 for further details). Shares may trade below the Final Price following Completion.
3. This is based on the Indicative Price Range and assumes a 50% Retail Note Exchange. Arrangements under the Noteholder Exchange Offer are described in further detail in Section 7.5.
4. These Shares will be subject to voluntary escrow arrangements. See Section 7.9 for further details of these voluntary escrow arrangements.
5. This assumes a 50% Retail Note Exchange (any reference to Shares in this Prospectus excludes the Performance Shares).
6. Indicative market capitalisation is calculated as the Indicative Price Range multiplied by the resulting total number of Shares on issue at Completion (assuming a 50% Retail Note Exchange).
7. Pro forma net debt is calculated as the sum of the amount drawn under the New Banking Facilities less pro forma cash and cash equivalents (refer to Section 4.5.2 for further details).
8. Enterprise value is calculated as the indicative market capitalisation of $1,900.1 to $2,258.4 million (based on the Indicative Price Range and a 50% Retail Note Exchange), plus pro forma net debt of $435.0 million as at 31 December 2014.
9. This ratio is commonly referred to as an EV/EBITDA ratio. The EV/EBITDA ratio is calculated as the enterprise value (based on the Indicative Price Range and a 50% Retail Note Exchange) divided by pro forma 12 month June-16 forecast EBITDA (refer to Section 4.2.5 for an explanation of EBITDA).
10. This ratio is commonly referred to as an EV/EBITA ratio. The EV/EBITA ratio is calculated as the enterprise value (based on the Indicative Price Range and a 50% Retail Note Exchange) divided by pro forma 12 month June-16 forecast EBITA.
11. This ratio is commonly referred to as a P/E (NPATA basis) ratio. The P/E (NPATA basis) ratio is calculated as the price per Share (based on the Indicative Price Range and a 50% Retail Note Exchange) divided by pro forma 12 month June-16 forecast NPATA per Share (being pro forma 12 month June-16 forecast NPATA of $90.7 million (refer to Section 4.3.1 for further details) divided by the total number of Shares on issue immediately at Completion as implied by the Indicative Price Range).
12. Calculated as the implied dividends per Share based on a 70% dividend payout ratio (being the mid-point of the target dividend payout ratio of between 60% and 80% of annual statutory NPATA as described in Section 4.10) divided by the Indicative Price Range. The payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors the Directors may consider relevant. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. For more information on the Company's dividend policy, see Section 4.10.
13. This ratio is commonly referred to as a net debt/EBITDA ratio.The net debt/EBITDA ratio is calculated as the pro forma net debt of $435 million as at 31 December 2014 divided by the pro forma FY2015 forecast EBITDA of $150.6 million.
14. This ratio is also commonly referred to as a net debt/EBITDA ratio. The net debt/EBITDA ratio is calculated as the pro forma net debt of $435 million as at 31 December 2014 divided by the pro forma 12 month June-16 forecast EBITDA of $160.7 million.

1.6 Board and management

Topic	Summary	For more information
Who is on the Board of directors of MYOB?	• **Justin Milne**, Independent Non-Executive Director, Chairman • **Tim Reed**, Executive Director, Chief Executive Officer • **Andrew Stevens**, Independent Non-Executive Director • **Anne Ward,** Independent Non-Executive Director • **Craig Boyce**, Non-Executive Director • **Paul Edgerley**, Non-Executive Director	Section 6.1
Who are the CEO and CFO of MYOB?	• **Tim Reed**, Chief Executive Officer, Executive Director • **Richard Moore**, Chief Financial Officer	Section 6.1 and Section 6.2
Who are the other members of MYOB's senior management?	• **James Scollay**, General Manager, SME Solutions • **Adam Ferguson**, General Manager, Engineering & Experience • **John Moss**, Chief Strategy Officer • **Andrew Birch**, General Manager, Industry Solutions • **Ian Boylan**, General Counsel and Company Secretary • **Alla Keogh**, Head of People & Performance • **Ben Ross**, General Manager, User Experience & Design • **Simon Raik-Allen**, Chief Technology Officer • **Natalie Feehan**, General Manager, Marketing • **Kevin Rawlings**, General Manager, Practice Solutions	Section 6.2

1.7 Significant interests of key people and related party transactions

Topic	Summary	For more information
Who are the Existing Shareholders and what will be their interest in MYOB on Completion?	The Existing Shareholders, being Bain Capital and the Management Shareholders, are the current owners of all of the issued Shares.	Sections 6.3.2, 6.3.3, 6.5.2, 7.1.2, 7.1.5 and 10.4

	Shares held prior to Completion		Management A Shares held prior to Completion	Shares held on Completion		Performance Shares held on Completion
Shareholder	**Shares**	**(%)**		**Shares**	**(%)**	
Bain Capital	337,151,360	95.03%	–	337,151,360	56.75%	–
Tim Reed	6,452,895	1.82%	12,509,062	6,775,299	1.14%	5,534,425
Other Management Shareholders	11,166,552	3.15%	35,602,714	12,208,705	2.06%	15,751,821
New Shareholders	–	–	–	237,928,624	40.05%	–
Total	**354,770,807**	**100%**	**48,111,776**	**594,063,988**	**100%**	**21,286,246**

Notes:

1. Members of senior management are currently holders of 48,111,776 management shares (referred to as **Management A Shares**). On Completion, these shares will be consolidated and convert into 3,547,710 Shares and 21,286,246 Performance Shares. Performance Shares do not carry any voting rights or entitle the holder to any dividends or any returns on a reduction of capital or upon winding up of the Company. The maximum number of Shares into which the Performance Shares may convert varies depending on the Share price on a relevant testing date. The maximum number of Shares into which the Performance Shares may convert is 21,286,246 (which would occur if the Share price on a relevant testing date was at least \$5.30). The number of Shares into which the Performance Shares may convert if the Share price on a relevant testing date was the mid-point of the Indicative Price Range of \$3.50, is 12,416,976 (assuming no changes to the capital structure between Completion and that time). For further details, refer to Section 6.3.4.1.
2. Assumes the Final Price is set at \$3.50, being the mid-point of the Indicative Price Range ("**Mid-Point Final Price**") and a 50% Retail Note Exchange.
3. Shares held by New Shareholders on Completion include those issued under the Noteholder Exchange Offer.

Redeemable Preference Shares held by Bain Capital (\$127.2 million), Tim Reed (\$2.7 million) and certain other members of management (\$4.2 million), will be redeemed on Completion. They will receive a payout sum in connection with the redemption of these shares upon Completion. For further details, refer to Sections 6.3.2, 6.3.3, 7.1.2 and 10.4.

Certain members of management will be paid a transaction bonus in connection with the Offer. For further details, refer to Sections 6.3.2.1, 6.3.3.1 and 6.3.3.2.

MYOB's management will also be eligible to participate in the MYOB LTIP. For further details, refer to Section 6.3.4.2.

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What significant benefits and interests are payable to Directors and other persons connected with MYOB or the Offer and what significant interests do they hold?</td><td>
<table>
<tr><th>Director</th><th>Shares on Completion</th><th>Shareholding on Completion (%)</th></tr>
<tr><td>Justin Milne</td><td>28,571</td><td>0.00%</td></tr>
<tr><td>Tim Reed[1]</td><td>6,775,299</td><td>1.14%</td></tr>
<tr><td>Andrew Stevens</td><td>42,857</td><td>0.01%</td></tr>
<tr><td>Anne Ward</td><td>28,571</td><td>0.00%</td></tr>
<tr><td>Craig Boyce</td><td>0</td><td>0.00%</td></tr>
<tr><td>Paul Edgerley</td><td>0</td><td>0.00%</td></tr>
</table>
Notes: Calculated on the basis of a Mid-Point Final Price and 50% Retail Note Exchange.
1. On Completion, Tim will also hold 5,534,425 Performance Shares.

Craig Boyce and Paul Edgerley have indirect interests in some of the Shares held by Bain Capital by virtue of their indirect interests in Bain Capital.

Non-Executive Directors are entitled to remuneration and fees on commercial terms as disclosed in Section 6.3.2.2.

Tim Reed will receive $2.1 million (based on the Mid-Point Final Price) in respect of the sale of Shares as part of the Offer.

Advisers and other service providers are entitled to fees for services and have other interests as disclosed in Section 6.3.1.

Bain Capital will receive a payment in connection with its advisory services agreement as disclosed in Section 6.5.

Affiliates of the JLMs are lenders to the MYOB Group and may be repaid in part or in full from the New Banking Facilities.
</td><td>Sections 6.3.1, 6.3.2, 6.3.3 and 6.3.4</td></tr>
<tr><td>Will any Shares be subject to restrictions on disposal following Completion?</td><td>
Yes.

Bain Capital and Management Shareholders (the "Escrowed Shareholders") have agreed to enter into voluntary escrow arrangements in relation to the Shares retained by them on Completion (and, in the case of the Management Shareholders, the Performance Shares and any Shares converted from Performance Shares).

Bain Capital
Under the terms of the voluntary escrow arrangements, subject to exceptions, Shares held by Bain Capital on Completion may only be sold in the period prior to MYOB's financial results being released for the 6 month period ending 30 June 2016 on the following basis:
<table>
<tr><th>Shares to be released</th><th>Escrow release conditions</th></tr>
<tr><td>One third of Shares held by Bain Capital on Completion</td><td>The first date on which both the conditions below have been satisfied:
• MYOB's full year financial results for FY2015 released to ASX; and
• The Company VWAP calculated over a period of 20 consecutive trading days beginning on a trading day on or after release of those financial results is at least 20% higher than the Final Price (disregarding any trading day during which Shares are in trading halt for the entirety of that day).</td></tr>
</table>
</td><td>Section 7.9</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>Will any Shares be subject to restrictions on disposal following Completion? (continued)</td><td>
The Company VWAP means the "volume weighted average market price" as that term is defined in the ASX Listing Rules (calculated to two decimal places of one cent).
After 4:15pm on the date of release to the ASX of the financial results for 1H2016, any remaining Shares held by Bain Capital will cease to be subject to escrow restrictions.
Non-Executive Director Shareholders
No Shares held by the Non-Executive Directors will be subject to any escrow restrictions.
Management Shareholders
Shares held by Management Shareholders on Completion (and Performance Shares and any Shares converted from Performance Shares) will be subject to voluntary escrow arrangements.
Under the terms of those escrow arrangements, subject to certain customary exceptions, Shares may only be sold on the following basis:
<table>
<tr><th>After</th><th>The % of issued Shares held immediately following Completion that each Management Shareholder may sell is</th></tr>
<tr><td>4:15pm (Sydney time) on the day the Company releases its preliminary final report with respect to the half year ending 30 June 2016</td><td>50%</td></tr>
<tr><td>4:15pm (Sydney time) on the day the Company releases its preliminary final report with respect to the half year ending 30 June 2017</td><td>All remaining Shares held immediately following Completion retained by Management Shareholders will cease to be subject to escrow restrictions</td></tr>
</table>
The Performance Shares are also subject to escrow arrangements. No Performance Shares may be transferred until they are converted to Shares, other than to family members or family investment entities. Any Shares converted from Performance Shares on 30 September 2016 will be subject to voluntary escrow arrangements until 30 September 2017. Any Shares converted from Performance Shares on 30 September 2017 will not be subject to any voluntary escrow arrangements. For further detail, refer to Section 6.3.4.1.
</td><td></td></tr>
<tr><td>Controlling interest in MYOB and interests, benefits and related party transactions of the MYOB shareholders</td><td>
Bain Capital will hold approximately 57% of Shares on issue at Completion (based on the Mid-Point Final Price and a 50% Retail Note Exchange).
Prior to the Prospectus Date, the independent Directors approved MYOB entering into a relationship deed with Bain Capital ("Relationship Deed"). Under the Relationship Deed, Bain Capital has the right to appoint two Directors to the Board for so long as Bain Capital holds at least 20%, or one Director to the Board for so long as Bain Capital holds at least 10%, of the issued Shares.
Craig Boyce and Paul Edgerley have indirect interests in Bain Capital, which has received fees from MYOB under an advisory services agreement. This agreement will terminate on Completion and a fee will be paid to Bain Capital at that time as referred to in Section 6.5. While these arrangements were entered into on arm's length terms, member approval was obtained before the Prospectus Date.
</td><td>Sections 6.5, 7.1.5 and 10.7.2</td></tr>
</table>

1.8 Key financial metrics

The financial information presented below and in the Prospectus contains non-IFRS financial measures. It is intended as a summary only and should be read in conjunction with the more detailed discussion of the Historical Financial Information and the Forecast Financial Information in Section 4, including the assumptions, management discussion and analysis and sensitivity analysis, as well as the risk factors set out in Section 5.

Investors should read Section 4 for full details of MYOB's pro forma and statutory results (which will differ significantly) and the assumptions underlying the information. A reconciliation between the pro forma and statutory results is set out in Section 4.3.3.

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>What is the Company's dividend policy?</td><td>
It is the current intention of the Board to target a dividend payout ratio of between 60% and 80% of MYOB's annual statutory NPATA. The amount of dividends actually paid is expected to be a function of a number of factors, including the general business environment, the operating results and financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), and any contractual, legal or regulatory restrictions on the payment of dividends by the Company.
It is the current intention of the Board to declare a final dividend in respect of the 6 months ending 31 December 2015, and an interim dividend in respect of the half year ending 30 June 2016 in line with the target dividend payout ratio. No dividend is expected to be paid for the period to 30 June 2015.
MYOB expects that dividends will be unfranked until at least the financial year ending 31 December 2017.
No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend.
</td><td>Section 4.10</td></tr>
<tr><td>What is MYOB's pro forma historical and pro forma statutory forecast financial performance?</td><td>
<table>
<tr><th></th><th colspan="3">Pro forma Historical Results</th><th colspan="3">Pro forma Forecast Results</th><th>Statutory Forecast Results</th></tr>
<tr><th>$ millions</th><th>FY2012</th><th>FY2013</th><th>FY2014</th><th>FY2015</th><th>12 mths June-15</th><th>12 mths June-16</th><th>FY2015</th></tr>
<tr><td>Revenue</td><td>258.3</td><td>275.5</td><td>299.3</td><td>323.0</td><td>308.8</td><td>336.4</td><td>323.0</td></tr>
<tr><td>EBITDA</td><td>111.3</td><td>119.3</td><td>128.5</td><td>150.6</td><td>136.4</td><td>160.7</td><td>125.4</td></tr>
<tr><td>Profit before tax</td><td>19.6</td><td>31.4</td><td>40.2</td><td>64.8</td><td>48.5</td><td>75.2</td><td>(62.6)</td></tr>
<tr><td>NPAT</td><td>13.8</td><td>21.8</td><td>28.0</td><td>45.4</td><td>33.9</td><td>52.5</td><td>(43.9)</td></tr>
<tr><td>NPATA</td><td>59.0</td><td>64.8</td><td>70.1</td><td>84.8</td><td>74.8</td><td>90.7</td><td>(4.5)</td></tr>
<tr><td>Earnings per Share Pre Amortisation (cents)[1]</td><td></td><td></td><td></td><td>0.14</td><td>0.13</td><td>0.15</td><td></td></tr>
</table>
Note: Refer to the introductory language above and to Section 4.3.3 for details of pro forma adjustments made to the statutory financials.
1. Earnings per Share calculated based on the Mid-Point Final Price and 50% Retail Note Exchange.
</td><td>Section 4.3</td></tr>
</table>

1.9 Overview of the Offer

Topic	Summary	For more information
Who are the Issuers of the Prospectus?	MYOB Group Limited (ABN 61 153 904 958). MYOB Retail Limited (ABN 73 604 849 854).	Section 7.1
What is the Offer?	Based on a Mid-Point Final Price and 50% Retail Note Exchange, the Offer is an initial public offering of approximately 235.7 million new Shares, with SaleCo offering to sell an additional 2.2 million existing Shares. The Shares being offered will represent approximately 40% of Shares on Completion. A summary of the rights attaching to the Shares is set out in Section 7.8.4.	Section 7.1
What is the consideration payable for the Shares?	The Indicative Price Range for the Offer is $3.00 to $4.00 per Share. Successful applicants under the Offer (other than under the Employee Offer and Noteholder Exchange Offer) will pay the Final Price, which will be determined at the conclusion of the bookbuild and may be set below, within or above the Indicative Price Range. Successful applicants under the Employee Offer will pay a discounted price of 50% of the Final Price. Successful applicants under the Noteholder Exchange Offer will Exchange their Existing Retail Notes at 97.5% of the Final Price. To the extent that Eligible Retail Noteholders apply for Shares in addition to the value of their Existing Retail Notes, they will pay the Final Price in respect of any such additional Shares. For further detail, refer to Section 7.2.	Section 7.2
What is the proposed use of proceeds received in connection with the Offer (assuming a Mid-Point Final Price)?	The proceeds received by MYOB from the issue of new Shares under the Offer and drawdown under the New Banking Facilities will be used as follows: • $1,149.4 million to repay existing liabilities (including redemption of the Redeemable Preference Shares held by Bain Capital and certain members of management); • $79.5 million to Exchange Existing Retail Notes (assuming a 50% Retail Notes Exchange); • $41.4 million to fund costs of the Offer; and • $2.0 million to fund cash on balance sheet. $7.6 million of proceeds received by SaleCo for the sale of existing Shares will be paid to Selling Shareholders.	Section 7.1.2
Will the Shares be quoted?	MYOB has applied to ASX for its admission to the Official List and quotation of Shares on ASX (which is expected to be under the code "**MYO**"). It is anticipated that quotation will initially be on a conditional and deferred settlement basis. Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.8

Topic	Summary	For more information
How is the Offer structured?	The Offer comprises: • the Retail Offer, which consists of: – the Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation of Shares from their Broker; – the Priority Offer, which is open to selected investors in Australia and New Zealand nominated by the Company; and – the Employee Offer, which is open to Eligible Employees; • the Institutional Offer which consists of an offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus or the Institutional Offering Memorandum, as applicable; and • the Noteholder Exchange Offer, which is open to Eligible Retail Noteholders who wish to Exchange their Existing Retail Notes for Shares under the Offer.	Section 7.1.1
Is the Offer underwritten?	No. The Offer is not underwritten.	Section 7.2
What is the allocation policy?	The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the Joint Lead Managers by agreement with the Company and SaleCo, having regard to the allocation policy outlined in Sections 7.3, 7.4 and 7.5. For Broker Firm Offer participants, the relevant Broker will decide how to allocate Shares among its retail clients. The allocation of Shares under the Priority Offer and Employee Offer will be determined by the Company. Eligible Retail Noteholders who elect to participate in the Noteholder Exchange Offer will receive a guaranteed allocation. Participants in the Noteholder Exchange Offer who Exchange all their Existing Retail Notes and apply for additional Shares will receive a priority allocation in respect of the application for additional Shares. The allocation of Shares under the Institutional Offer will be determined by agreement between MYOB, SaleCo and the Joint Lead Managers.	Sections 7.2, 7.3, 7.4 and 7.5
Is there any brokerage, commission or stamp duty payable by applicants?	No brokerage, commission or stamp duty is payable by applicants on an acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in Shares for Australian investors?	The tax consequences for Australian investors of an investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 10.10
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or around 8 May 2015.	Section 7.2
How can I apply?	Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus. Broker Firm Offer applicants may apply for Shares by completing an Application Form and lodging it with the Broker who invited them to participate in the Offer. To the extent permitted by law, an Application under the Offer is irrevocable.	Section 7.3.1.2

Topic	Summary	For more information
Where can I find more information about this Prospectus or the Offer?	If you are an Australian or New Zealand resident, call the MYOB Offer Information Line at 1800 992 613 (within Australia) or +61 1800 992 613 (outside Australia) from 8:30am to 5:00pm (Sydney time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether MYOB is a suitable investment for you, you should seek advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.	Important Dates and Key Offer Statistics on pages 6 to 7
Can the Offer be withdrawn?	MYOB and SaleCo reserve the right not to proceed with the Offer at any time before the issue or transfer of Shares to successful applicants. If the Offer does not proceed, application monies will be refunded. No interest will be paid on any application monies refunded as a result of the withdrawal of the Offer.	Section 7.7

2

Industry Overview

2 Industry Overview

2.1 Introduction

MYOB provides business management software to businesses and accounting practices in Australia and New Zealand. MYOB operates in the following markets in these countries:

- the "**SME Software Market**" which covers the provision of "**Accounting Software**" to micro businesses (0 – 4 full time employees ("**FTEs**")) and small businesses (5 – 19 FTEs) (collectively referred to as "**SMEs**"). Accounting Software comprises accounting, tax, payroll and other business management software solutions. This includes solutions which enable Accounting Software providers to deliver an SME's transaction data from its bank or other financial institution to its accountant to assist in the preparation of the SME's accounts (known as "cashbook solutions and MYOB BankLink"). This market is serviced by the SME Solutions division;
- the "**Practice Software Market**" which covers the provision of "**Practice Software**" to accounting practices ranging from small (single partner) firms to large (multiple partner) firms. Practice Software comprises "modules", including client accounting, practice management, tax management and document management, each consisting of multiple components, and may also include add-on software such as company secretarial and insolvency products. This market is serviced by the Practice Solutions division; and
- the "**Enterprise Software Market**" which covers the provision of "**Enterprise Software**" to medium businesses (20 – 199 FTEs) ("**Tier 3 Enterprises**"), large businesses (200 – 999 FTEs) ("**Tier 2 Enterprises**") and government and corporate enterprises (1,000+ FTEs) ("**Tier 1 Enterprises**"). Enterprise Software comprises Enterprise Resources Planning ("**ERP**") and Human Resource Management ("**HRM**") software solutions. This market is serviced by the Enterprise Solutions division which focuses on providing ERP and HRM software solutions to Tier 2 Enterprises and Tier 3 Enterprises.

Figure 2.1: MYOB's illustration of the Australia and New Zealand business management software market

	Firm size	Markets	MYOB division	Examples of other software providers[1]
Government and corporate (Tier 1 Enterprises)	*1,000+ FTEs*	Enterprise Software Market		Oracle, SAP
Large (Tier 2 Enterprises)	*200–999 FTEs*		MYOB Enterprise Solutions	Sage, Microsoft, NetSuite, Infor, Technology One, Attaché, JIWA, Sybiz
Medium (Tier 3 Enterprises)	*20–199 FTEs*			
Small	*5–19 FTEs*	SME Software Market	MYOB SME Solutions	Reckon, Xero, Intuit
Micro	*0[1]–4 FTEs Sole Traders/Partnerships*			
Accountant Practices		Practice Software Market	MYOB Practice Solutions	Sage, Reckon, Xero, CCH

Note:

1. A business with "0" employees is known as a "non-employing" business (and includes self-employed businesses or sole traders). List of other business management software providers is not exhaustive, and the positions of those providers in the above table are illustrative only. Products offered by other providers (and products targeted by MYOB at certain markets) may be used by enterprises of varying sizes.

This Section 2 discusses these markets in further detail. Information in this document has been prepared by MYOB based on its analysis and experience, including from information gained from users, industry participants and analysts, and the information prepared by third parties cited in Sections 2 and 3. To assist MYOB in its analysis of the SME Software Market and Practice Software Market in Australia in particular, The Rothcorp Group Pty Ltd, an Australian market research firm, undertook the following surveys in Australia: a survey of 1,003 SMEs, a further survey of 860 SMEs and a survey of 478 accountants and bookkeepers between November 2014 and December 2014. These surveys are referred to in this Prospectus as the "**December 2014 Surveys**".

2.2 Australia and New Zealand SME Software Market

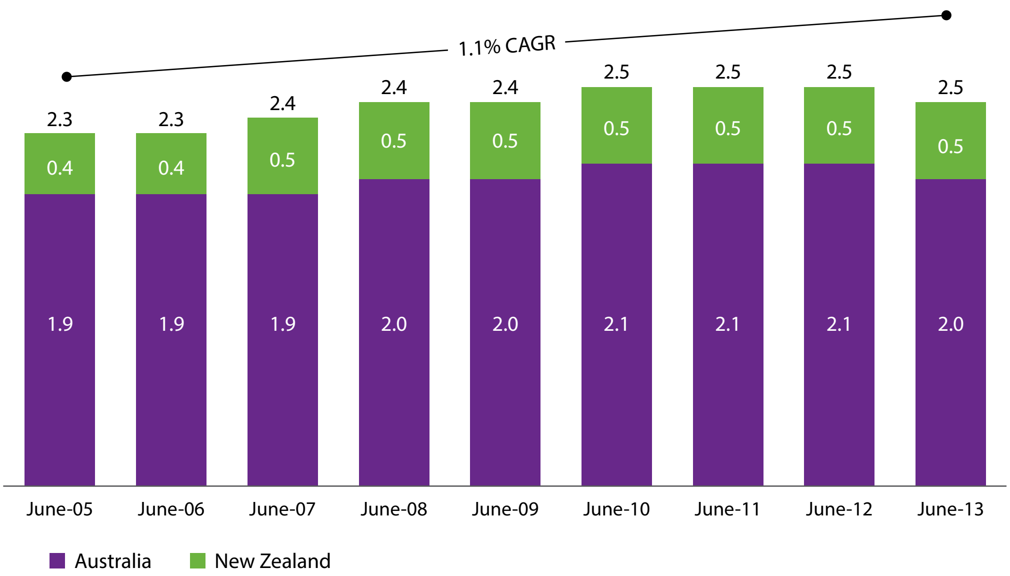
The SME Software Market covers the provision of Accounting Software solutions to SMEs. This market has historically provided the largest source of revenue for MYOB.

2.2.1 Market size

There are approximately 2.5 million SMEs across Australia and New Zealand, with approximately 2.0 million located in Australia and 0.5 million located in New Zealand.

Between June 2005 and June 2013, the total number of SMEs in Australia and New Zealand grew at an estimated compound annual growth rate ("**CAGR**") of approximately 1.1% and 0.9%, respectively, representing a combined estimated CAGR for Australia and New Zealand of 1.1%.[1]

Figure 2.2: Total SMEs in Australia and New Zealand (millions)



Source: Australian Bureau of Statistics ("**ABS**") (Counts of Australian Businesses, Businesses by Employee Size Ranges) and Statistics New Zealand Tatauranga Aotearoa ("**NZ Stats**") (Enterprises by Employee Count Size and Business Type). This includes the number of businesses with 0 to 19 FTEs.

Growth in the number of SMEs is driven by the formation of new SMEs, offset by the deregistration and consolidation of existing SMEs. In the 12 months ended June 2013, there were an estimated 283,400 new SMEs formed in Australia and New Zealand, with an estimated 237,800 in Australia and 45,600 in New Zealand.

MYOB estimates that the total number of SMEs in Australia and New Zealand using Accounting Software as a percentage of total SMEs (known as "Accounting Software penetration") is approximately 75% to 80%. If SMEs which only use cashbook solutions and MYOB BankLink are excluded, MYOB estimates that Accounting Software penetration is approximately 65% to 70%.

1. SME numbers for the period from June 2005 to June 2013 in Section 2.2.1 are sourced from ABS (Counts of Australian Businesses, Businesses by Employee Size Ranges) and NZ Stats (Enterprises by Employee Count Size and Business Type).

2.2.2 Types of users

SMEs can be divided into three types of software users:

- **non-accounting software users:** do not use Accounting Software and instead typically use more general spreadsheet software (e.g. Excel®) or manual paper records or processes to manage their accounts, payroll and tax;
- **desktop users:** make use of Accounting Software installed on a desktop computer (e.g. a personal computer or laptop). For example, SMEs may initially purchase a desktop licence (known as a "perpetual licence") to use the software on their computer. This version of the software can then be used in the future without additional payment, although users have the option to make additional payments for technical support and product upgrades (known as "maintenance"). Not all desktop users elect to make such maintenance payments. When an SME prefers its accountant to do its bookkeeping, a solution like MYOB BankLink – where the software resides on the accountant's computer and the accountant makes regular payments to MYOB for use of the product – is available; and
- **cloud users:** use Accounting Software which can be accessed anywhere, anytime and, in many instances, by multiple users simultaneously through one or more internet connected devices, including desktop computers, laptops, tablets and smartphones. The software resides online, or in the cloud, and the user's data can be stored securely, off-premise and accessed on the user's device over the internet using a web browser or installed application. Cloud users make ongoing payments (known as a "subscription") (e.g. monthly, quarterly or annually) to their software provider for access to the software product.

Accounting Software users can also be divided between users that make ongoing payments ("**Paying Users**") and desktop users that do not make a payment beyond the initial payment for their perpetual licence ("**Non-paying Users**"). More specifically:

- **Paying Users:** make regular or multiple payments to the Accounting Software provider. All cloud users are Paying Users as they all make payments under a subscription arrangement for ongoing access and automatic updates. Only desktop users that make additional payments, for example maintenance payments beyond the initial payment for a perpetual licence, are considered Paying Users; and
- **Non-paying Users:** are desktop users that only purchase a perpetual licence and do not make ongoing maintenance payments.

Therefore, a key distinction between a cloud user and a desktop user is that all cloud users are considered Paying Users, while only a portion of desktop users are considered Paying Users.

Figure 2.3: Summary of the types of SME Accounting Software users

	Non-accounting software users	Desktop users	Cloud users
Description	• No Accounting Software • Accounting done via spreadsheets (e.g. Excel®) or manual records	• Accounting Software installed on and accessed via a desktop computer (e.g. personal computer or laptop) • No need for internet connection	• Accounting Software accessed anywhere via one or more internet connected devices • Software and user's data resides off-premise in the cloud
Payments to Accounting Software providers	• None	• Upfront purchase of perpetual licence and discretionary maintenance payments • For MYOB BankLink, regular payments are made by the SME's accountant to enable access	• Subscription payments for ongoing use and maintenance
Considered a Paying User (i.e. regular or multiple payments)	• Never	• Sometimes	• Always

2.2.2.1 Development of cloud Accounting Software: driving customer lifetime value

Market participants began offering cloud Accounting Software to Australia and New Zealand SMEs in the mid to late 2000s, driven by cloud Accounting Software's ability to provide users with greater functionality, flexibility and benefits, while providing Accounting Software providers the potential to increase customer lifetime value as described below.

Customer lifetime value measures the amount of revenue that Accounting Software providers receive from a user in respect of a given product over its period of use. There is potential for Accounting Software providers to generate greater revenues over the medium to long term from cloud users under a subscription arrangement than from desktop users under a perpetual licence model. This is notwithstanding that the initial revenue generated from a desktop user who pays an upfront perpetual licence payment is higher than that from a cloud user.

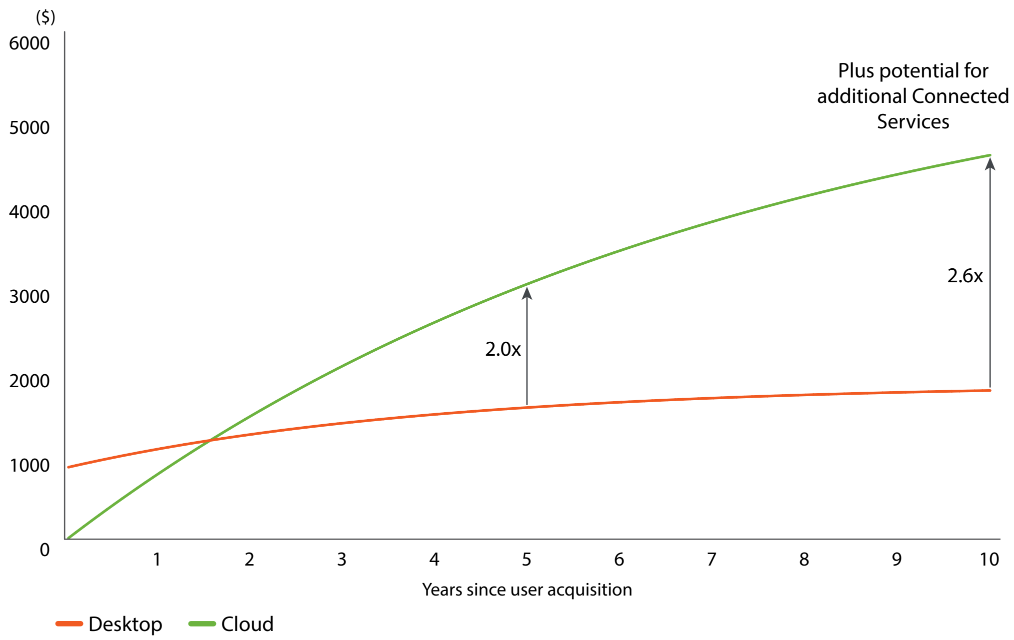
The greater potential lifetime value of cloud users, and the general benefits of cloud Accounting Software to providers, is driven by:

- **increased number of Paying Users:** 100% of cloud users are Paying Users compared to a materially lower percentage for desktop users because cloud users lose the ability to process future transactions through the Accounting Software if they stop making the required subscription payments, unless they also have a perpetual licence for the desktop version. In the case of MYOB, only approximately 30% of desktop users have been Paying Users under its perpetual licence products;
- **increased user retention rates:** the ability to increase user retention rates, being the extent to which users continue to use the same Accounting Software provider over a given period. In the case of MYOB, its average user retention rate for FY2014 was approximately 83% for cloud users, compared with approximately 74% for desktop Paying Users who make maintenance payments; and
- **improved average revenue per Paying User:** the ability to improve average revenue per Paying User through sales of Connected Services (discussed below) and offering product enhancements in the main Accounting Software package itself.

Cloud users can purchase additional add-on software solutions designed to provide further benefits to SMEs which connect to, and typically exchange data with, the main cloud software function, such as mobile-based payments, in-product payment systems and point of sale systems for retailers ("**Connected Services**"). For example, a mobile-based payments Connected Service can allow a cloud user to take payments from a client using a card reader that is connected to the provider's cloud accounting file via a smartphone application. Providers may also be able to charge cloud users more than desktop users for their Accounting Software due to the product enhancements in the main software package itself (see Section 2.2.4.3).

Below is an illustration of how an Accounting Software provider like MYOB may consider the customer lifetime value of cloud users versus desktop users under a perpetual licence model based on the stated assumptions. In this illustration, the average customer lifetime value of a cloud user surpasses that of a desktop user approximately two years after acquisition, is 2.0 times higher after five years, and 2.6 times higher after 10 years. As stated, this is an illustration only; actual outcomes may materially differ from case to case.

Figure 2.4: Illustration of estimated cumulative lifetime value per customer



Key assumptions used in this example: For the desktop product, desktop users make upfront payments of $840 for their perpetual licences, 30% of them are Paying Users and those Paying Users have an annual user retention rate of 74%. For the cloud product, cloud users make no upfront payment, 100% of them are Paying Users and their annual user retention rate is 83%. Both desktop and cloud products assume a 5% price escalation per annum, and a Paying User monthly payment of $70 for both cloud products and desktop products.

Interpretation of this Figure: This Figure is an illustration of how an Accounting Software provider like MYOB may consider the customer lifetime value of cloud users versus desktop users on the assumptions above, which MYOB believe are reasonable and consistent with relevant experience. It is not a representation or forecast of future revenue of particular customers or growth of MYOB and does not take into account other factors, including risk factors described in Section 5, which may cause actual outcomes to differ materially.

2.2.3 Sales and marketing

Accounting Software providers use three primary channels for sales and marketing to SMEs:

- **accountants and other business partners:** this channel primarily consists of accountants. It also includes other business partners such as bookkeepers. Accountants and other business partners exert significant influence on the decisions of SMEs to adopt particular Accounting Software solutions. For example, 70% of the SMEs responding to the December 2014 Surveys indicated that they chose a specific accounting product based on an accountant or bookkeeper recommendation;
- **direct sales:** this channel consists of the Accounting Software provider's websites and direct contact centres. This is an increasingly important source of sales as clients move to cloud solutions and use the online channel to research and purchase Accounting Software directly from the provider's website; and
- **retail:** this channel consists of the physical sale of Accounting Software via a third party retailer. While this has historically been an important sales channel, it has decreased in importance as sales have shifted to the above channels.

While the specific functionality of a product is particularly important, MYOB also believes that brand has a significant influence on a user's purchasing decision and consequently that strong brand recognition, and positive brand reputation, are critical drivers to the success of an Accounting Software provider.

The marketing used to support the above sales channels combines brand and product advertising, public relations, social media activities, conferences and events, online advertising, search engine optimisation, direct mail and electronic mail.

2.2.4 Market growth drivers

MYOB believes there are four key growth drivers of the SME Software Market:

- growth in the number of SMEs;
- increasing penetration of Accounting Software among SMEs;
- increasing cloud penetration of Accounting Software; and
- increasing average revenue per Paying User through the sale of Connected Services and price increases related to product enhancements.

The first two drivers increase the number of SMEs that use Accounting Software, while the latter two drivers increase the revenue generated from these businesses.

2.2.4.1 Growth in the number of SMEs

An increase in the number of SMEs will continue to facilitate growth in the Australia and New Zealand SME Software Market. However, MYOB does not expect that this will be among the most important growth drivers, with growth rates expected to be consistent with historical experience (i.e. CAGR of 1.1% between June 2005 and 2013).

2.2.4.2 Increasing penetration of Accounting Software among SMEs

MYOB expects an increase in Accounting Software penetration to be an important factor of further growth in the Australia and New Zealand SME Software Market. MYOB estimates that Accounting Software penetration in Australia and New Zealand is currently approximately 75% to 80%[1] with the potential to increase modestly in the future for reasons referred to below.

Key factors that may encourage the purchase of Accounting Software, in comparison to alternatives such as spreadsheets or manual record keeping, include:

- **benefits of Accounting Software:** Accounting Software makes record keeping easier, facilitates business management through business reporting and makes it easier for an SME to maintain tax and other regulatory compliance in the following ways:
  - **easier record keeping:** entering business transaction data into Accounting Software is a more efficient way of keeping records than maintaining paper documents or using a spreadsheet;
  - **business reporting:** using Accounting Software enables the generation of business reports such as profit and loss statements and cash flow statements that are useful to understanding the financial position of a business;
  - **tax and other regulatory compliance:** Accounting Software can be tailored and updated to help reduce the burden on businesses to remain compliant and up to date with complex and changing tax and other regulatory requirements. An example of the impact of regulatory change was the introduction of the goods and services tax ("**GST**") in 2000 in Australia, which MYOB believes was a significant catalyst for Accounting Software adoption by SMEs in Australia given the additional complexity GST added to managing SME accounts; and

1. As discussed in Section 2.2.1, MYOB estimates that Accounting Software penetration is approximately 65% to 70% if SMEs that only use cashbook solutions and MYOB BankLink are excluded.

  - **additional benefits of cloud solutions:** one of the key drivers of growth in Accounting Software penetration in recent years has been the introduction of cloud solutions which can provide the additional benefits referred to in Section 2.2.4.3; and
- **recommendations from accountants and other business partners:** continued or increased support for the use of Accounting Software by accountants and other business partners associated with SMEs.

2.2.4.3 Increasing cloud penetration of Accounting Software

The number of cloud users as a percentage of total SMEs is referred to as "cloud penetration". MYOB also expects an increase in cloud penetration to be a key driver for future growth in the SME Software Market. Higher cloud penetration increases the Paying User base and has the potential to increase the customer lifetime value for a software provider over the medium to long term, assisting to drive revenue growth (see Section 2.2.2.1).

Cloud Accounting Software was introduced to Australian and New Zealand SMEs in around 2008 and is still in a relatively early stage of growth, particularly in Australia. MYOB believes that cloud penetration in Australia and New Zealand is currently at approximately 15%, a significant increase from 2010 when it estimates there were as few as 5,000 cloud users.

There are three sources of new cloud users:

- **new SMEs:** new SMEs that have chosen a cloud solution as their first Accounting Software solution;
- **desktop users:** existing SMEs migrating from a desktop product to a cloud solution; and
- **non-accounting software users:** existing SMEs migrating from spreadsheet or manual systems to a cloud solution.

MYOB believes that an increase in cloud penetration in the future will be primarily driven by new SMEs and the migration of desktop users to cloud solutions, contributing up to potentially 80% of new cloud user growth over the medium term.

In the December 2014 Surveys, 15% of respondents in Australia who were new SMEs stated that they were likely to adopt cloud Accounting Software by December 2015 and 48% of respondents indicated they would do so within the next two to five years. Further, 24% of respondents who were existing SME desktop users indicated that they were likely to adopt cloud Accounting Software by December 2015 and 37% of respondents indicated they would do so within the next two to five years.

Figure 2.5: December 2014 Surveys: % of new SMEs likely to adopt cloud solutions

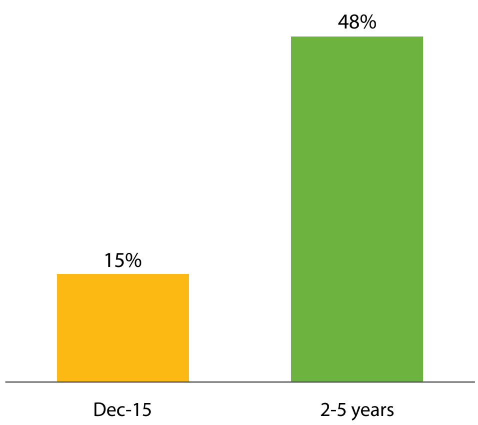
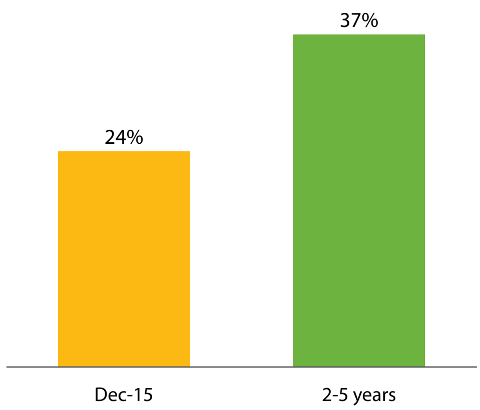


Figure 2.6: December 2014 Surveys: % of existing SME desktop users likely to adopt cloud solutions



MYOB anticipates that cloud penetration is likely to increase significantly from the current estimated 15% to potentially 40% in the medium term with the key drivers of increased cloud penetration in the SME Software Market expected to be:

- **increased recognition of the additional benefits of cloud software:** an increased recognition of the additional benefits of a cloud solution over desktop or non-accounting software solutions. These include improved cash flows, efficiency and productivity, accuracy, and collaboration and insights between businesses and their accountants through features such as:
  - **mobile applications:** allowing a cloud user to access its data anywhere at any time (e.g. access account balances while on a client site) through one or more internet connected devices;
  - **integrated payments:** enabling a cloud user to take payments from their clients using a mobile device and a card reader. The cloud user can take immediate payment for work, removing the delay and uncertainty associated with invoicing for later payment;

- **automatic bank reconciliation:** allowing cloud users to receive information about their bank transactions automatically coded for their cloud accounting file directly from their bank. This eliminates the need for manual data entry which eliminates transcription errors and reduces time taken to reconcile bank statements;
- **automatic superannuation:** enabling a cloud user to make superannuation payments within the Accounting Software, by directly paying the required funds for all of its employees;
- **smart bills:** enabling cloud users to submit invoices which are saved to their cloud accounting file. The functionality allows data to be read from an invoice and automatically pre-populated as an accounting transaction entry, thereby saving time. The Accounting Software also keeps a record of all invoices submitted;
- **ABN lookup:** involving cloud users entering the details of a new supplier or customer and when they enter the ABN (Australian Business Number), the Accounting Software validates the ABN against the business register and prefills other client details;
- **automatic product updates:** allowing cloud users to have their Accounting Software updated automatically as the provider develops new upgrades or enhancements;
- **accountant/SME collaboration:** by cloud users permitting their cloud accounting files to be accessed by third parties, such as accountants and business partners, thereby enabling parties to work and collaborate on the data at the same time and from different connected devices;
- **third party add-ons:** providing Application Programming Interface ("**API**") for developers to build applications that extend functionality and integrate to the Accounting Software using the API; and
- **Connected Services:** delivering additional functionality through Connected Services, including mobile-based payments, in-product payment systems, and point of sale systems for retailers, that can be used in conjunction with cloud software;

• **recommendations from accountants and other business partners:** accountants will be an important driver in migrating SMEs to the cloud, given their significant influence on the software purchasing decisions of SMEs, and the preference of many of them for their clients to use an online solution (e.g., over half of the SMEs in the December 2014 Surveys using a cloud solution indicated that their accountant preferred them to work online); and

• **potential for increased customer lifetime value:** the greater potential lifetime value of cloud users is expected to encourage Accounting Software providers to promote the sale of cloud solutions.

When asked about cloud solutions, 70% of SMEs who used a cloud solution, responding to the December 2014 Surveys indicated that their cloud solution saves them time through automation and faster workflows and 71% of the respondents indicated that the ability to work "on the go" makes them more efficient. MYOB estimates that a cloud solution could save a user on average 10 hours per month, equating potentially to savings exceeding the cost of ongoing subscription payments for a typical cloud solution.

Potential benefits from cloud solutions over desktop products for SMEs are summarised in Figure 2.7.

Figure 2.7: Summary of potential benefits from cloud solutions for SMEs

Improved cash flow	Improved efficiency and productivity	Improved accuracy	Improved collaboration and insight
• Mobile applications allowing business on the go • Integrated payments	• Mobile applications allowing business on the go • Automatic bank reconciliation • Automatic superannuation • Smart bills removing the need for data entry • Integrated payments	• Automatic bank reconciliation • Smart bills removing the need for data entry • ABN lookup • Automatic product updates	• Accountant/SME collaboration • Third party add-ons

2.2.4.4 Increasing average revenue per Paying User through the sale of Connected Services and price increases related to product enhancements

Another key driver of the SME Software Market is expected to be the additional average revenue per Paying User which can be generated from the cross sell (or up sell) of Connected Services associated with cloud solutions (refer to Section 2.2.2.1). Further, Accounting Software providers may also be able to charge users more for their Accounting Software to reflect benefits resulting from upgrades or enhancements to the functionality of the core Accounting Software.

2.2.5 Competitive landscape

The SME Software Market in Australia and New Zealand currently has four principal Accounting Software providers. MYOB is the market leader by number of users, estimating that its users comprise approximately 60% to 65% of the total number of Accounting Software users in this market.

Prior to 2008, Accounting Software providers were predominantly focused on desktop software products. One of the other current Accounting Software providers, Xero, then entered the SME Software Market in Australia and New Zealand and was the first participant to market with a cloud solution. This enabled it to gain market share based on number of users of cloud Accounting Software products, particularly in New Zealand.

Participants in the SME Software Market typically compete on the basis of overall product functionality and the level of integration between SME Accounting Software and Practice Software for accountants. As cloud penetration of Accounting Software is still in a relatively early stage, particularly in Australia, MYOB expects the development of successful cloud solutions to be an important driver for participants seeking to build and maintain a competitive advantage.

Figure 2.8: Principal participants in the Australia and New Zealand SME Software Market

				Examples of products		
Brand or owner	**Headquarters**	**Company type**	**Key geographies**	**Cloud focused product**	**Cloud + desktop product**	**Desktop focused product**
MYOB	Australia	Seeking an ASX listing	Australia and New Zealand	Essentials	AccountRight Live	AccountRight BankLink
Reckon	Australia	Listed on ASX	Australia and New Zealand	Reckon One	Reckon Accounts	Reckon Accounts
Xero	New Zealand	Listed on the New Zealand Exchange (NZX) and ASX	New Zealand, Australia, the UK and the US	Xero SBA	–	–
Intuit	US	Listed on the NASDAQ in the US	Numerous jurisdictions (including Australia)	QuickBooks Online	–	–

Note: A "cloud + desktop product" refers to a product which can be used either as a cloud or desktop solution.

2.2.6 Key factors affecting entry in the Australia and New Zealand SME Software Market

Existing market participants may benefit from the following dynamics. Conversely, these factors may hinder the ability of new entrants who wish to operate in Australia and New Zealand to compete effectively and profitably, particularly in the short term:

- **high levels of user loyalty and retention:** the SME Software Market has been characterised by relatively high user retention rates, which MYOB believes is underpinned by the importance of Accounting Software to SMEs, high anticipated switching costs and brand loyalty. Accounting Software is central to the operation of many SMEs, and switching providers has the potential to be time consuming and complicated;
- **integrated SME Accounting Software and Practice Software solutions:** SMEs can benefit from using Accounting Software which operates efficiently with the Practice Software of their accountants. These efficiencies can be created by the accountant's Practice Software accessing accounting data created by the SMEs' Accounting Software and may encourage SMEs to purchase and continue to use Accounting Software that is proven to operate efficiently with the existing Practice Software used by their accountants;
- **research and development ("R&D") investment:** a significant amount of time and capital must be invested in R&D to design and maintain an effective and attractive Accounting Software solution, particularly one tailored for the target market with equivalent features or a competitive advantage over existing products; and
- **new features and regulatory change:** because clients require product updates and new product features that reflect regulatory changes, new entrants into the SME Software Market must have a strong understanding of the regulatory landscape and an ability to respond in a timely manner to changes. For example, annual updates are typically required to capture changes in tax treatments for SMEs, such as changes in tax rates, thresholds and superannuation rates.

2.3 Australia and New Zealand Practice Software Market

The Practice Software Market covers the provision of Practice Software to accounting practices. Practice Software providers typically offer up to four software modules in their core suite, consisting of client accounting, practice management, tax management and document management. In addition, Practice Software may also include add-on software, including company secretarial and insolvency products. Within each of the modules in the core suite, there can be multiple "components" such as job management, workflow, client management, billing and invoicing. Practice Software assists the effective operation of an accounting practice, including lodging tax returns online and helping accounting practices to remain cost competitive.

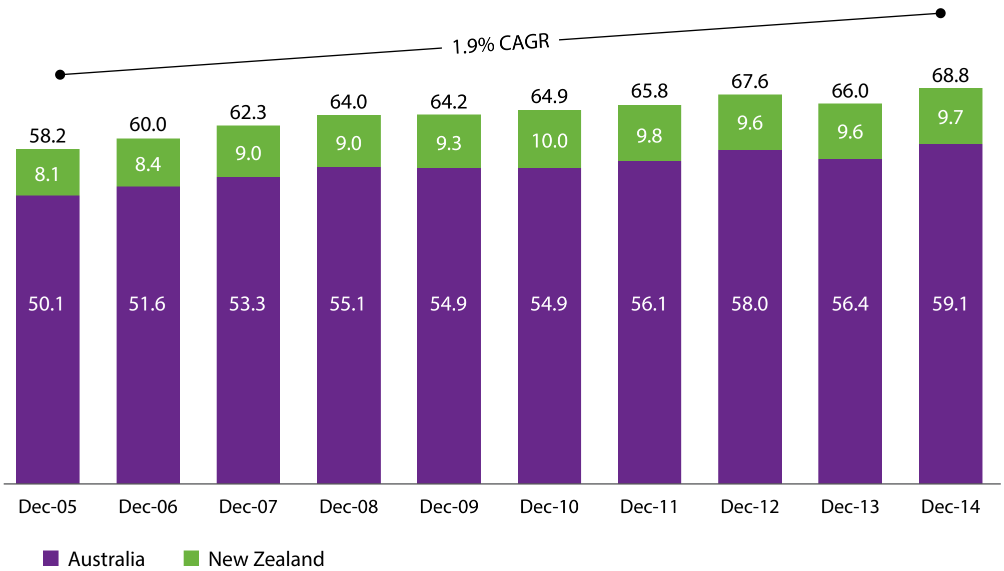
Accounting practices in this market range from small (single partner) firms to large (multiple partner) firms. Accounting practices often use multiple Practice Software solutions from different providers, with a single "main" provider. This market has historically provided the second largest source of revenue for MYOB.

2.3.1 Market size

MYOB estimates that, in December 2014, there were approximately 17,300 accounting practices in Australia and New Zealand, with approximately 12,500 firms located in Australia and 4,800 firms located in New Zealand and within these, approximately 59,100 individual accountants in Australia and 9,700 in New Zealand. Between December 2005 and December 2014, the total number of accountants in Australia and New Zealand grew at an estimated CAGR of approximately 1.9% and 2.1%, respectively, representing a combined estimated CAGR for Australia and New Zealand of approximately 1.9%.

MYOB believes that almost all accounting practices use Practice Software (although not all firms purchase all available software modules) due to the role it plays in helping service the accounting needs of the firm's clients. Accounting practices typically purchase a Practice Software product for each accountant working within that firm. MYOB therefore considers the number of accountants as a more appropriate measure of market size than the number of accounting practices.

Figure 2.9: Estimated number of accountants in Australia and New Zealand (thousands)



Source: IBISWorld, NZ Stats, and MYOB estimates. Number of accountants in Australia estimated based on assumed ratio of 4.7 accountants per accounting practice. The number of accounting practices in Australia from December 2012 considers the data points reported in the March 2011 and July 2014 IBISWorld reports. Number of accountants in New Zealand estimated based on assumed portion of 55% of staff employed by accounting practices are considered to be practising accountants.

2.3.2 Types of users

The Practice Software Market in Australia and New Zealand can be divided into two types of Practice Software users:

- **desktop users:** who comprise the majority of Practice Software users. Unlike the SME Software Market, desktop users in the Practice Software Market typically pay fees on a regular basis (e.g. monthly) to receive maintenance updates, and are therefore all considered to be Paying Users; and
- **cloud users:** who comprise only a small proportion of the market at present, largely due to the lack of cloud solutions currently available that provide accounting practices with the full suite of functionality which is available on desktop products. Similar to desktop users, cloud users pay fees on a regular basis (e.g. monthly) to receive software updates and are all considered to be Paying Users.

2.3.3 Sales and marketing

The primary channel for sales and marketing in the Practice Software Market is through direct sales forces. The use of specialised sales forces is common due to the relatively sophisticated software requirements of many accounting practices.

2.3.4 Market growth drivers

MYOB believes there are three key growth drivers of the Practice Software Market:

- growth in the number of accountants;
- increasing cloud penetration of Practice Software; and
- increasing average revenue per Paying User through the sale of new Practice Software modules and price increases related to product enhancements.

2.3.4.1 Growth in the number of accountants

An increase in the number of accountants directly translates to growth in the Practice Software Market. As with the SME Software Market, MYOB does not expect that this will be among the most important growth drivers, with growth rates expected to be in line with or below historical trends (i.e. estimated CAGR of 1.9% between 2005 and 2014).

2.3.4.2 Increasing cloud penetration of Practice Software

Cloud penetration in the Australia and New Zealand Practice Software Market is currently relatively low, in part due to the fact that no participant currently provides a broad cloud Practice Software solution that offers the complete suite of modules offered by existing desktop software suites.

MYOB expects an increase in cloud penetration to be an important driver for future growth in the Practice Software market. Higher cloud penetration of Practice Software is expected to help drive revenue growth through the ability to charge higher prices as a result of providing greater value to accountants (e.g. from increased software functionality and efficiency of cloud solutions). Cloud penetration of Practice Software may also grow through the potential for these products to lower the total cost of software ownership for accounting practices (as discussed below).

MYOB believes that cloud penetration can be increased as the functionality of cloud Practice Software solutions is expanded and the benefits of cloud solutions become more widely recognised, with a significant proportion of the accountants surveyed in the December 2014 Surveys indicating that they will look to move their Practice Software online within the next two years.

Consistent with cloud solutions for SMEs, cloud Practice Software is expected to offer a number of key benefits for accounting practices over traditional desktop products. These benefits are similar to those for SMEs and include improved efficiency and productivity, accuracy, and collaboration and insight between accountants and their SME clients, through features such as automatic bank reconciliation and smart bills (see Section 2.2.4.3). Additional benefits relevant to Practice Software may include:

- **limited server requirements:** if an accounting practice moves all of its business software to the cloud, its total cost of ownership can be lowered as it will no longer need to own and maintain the same level of information technology ("**IT**") infrastructure, particularly server space, as was required for desktop software;
- **reduced need to update software manually:** cloud solutions are typically auto updating, reducing the need in those cases for IT consultants to update the software manually;
- **reduced level of ongoing IT costs:** costs for accounting practices are also reduced as they can avoid much of the ongoing capital spend and IT support cost associated with desktop software;
- **integrated work papers and statutory reporting:** key elements of the accounting process are integrated into the software, making it easier to follow and track progress and create required reports; and
- **source documents attached to transactions:** when transactions are recorded in the accounting system by the SME or accountant, a copy of the source document is uploaded and attached to the transaction record. At any later date, the accountant can check the transaction by referring to the source document.

Potential benefits from cloud solutions over desktop products for accountants are summarised in Figure 2.10.

Figure 2.10: Summary of potential benefits from cloud solutions for accountants

Lower total cost of ownership	Improved efficiency and productivity	Improved accuracy	Improved collaboration and insight
• Limited server requirements • Reduced need to update software manually • Reduced level of ongoing IT costs	• Integrated work papers and statutory reporting	• Automatic bank reconciliation • Source documents attached to transactions	• Accountant/SME collaboration

2.3.4.3 Increasing average revenue per Paying User through sale of additional modules and price increases related to product enhancements

Another key growth driver of the Practice Software Market is expected to be the additional average revenue per Paying User resulting from the sale of new Practice Software modules, as well as price increases to reflect product enhancements. Typically, accounting practices will not purchase all modules of Practice Software upfront. Accordingly, the sale of new or additional modules provides another potential revenue opportunity for providers. For example, an accountant who originally purchased a client accounting module could subsequently purchase a document management module, which provides a complete document solution to a practice to manage client emails, physical documents and notes. Further, Practice Software providers may also be able to charge users more for their Practice Software as a result of upgrades or enhancements to the functionality of the core Practice Software.

2.3.5 Competitive landscape

The Practice Software Market in Australia and New Zealand currently includes five principal participants – MYOB, Sage, Reckon, CCH and Xero in Australia and MYOB, Reckon, CCH and Xero in New Zealand. In FY2014, MYOB was the market leader by revenue, estimating that its revenue comprised 60% to 65% of participant revenues in this market.

None of the providers currently in the market offers a complete suite in the cloud of Practice Software modules that are offered by existing desktop suites as described in Section 2.3.4.2. MYOB has announced, however, its intention to develop such a suite of cloud products for the Australia and New Zealand market, with a targeted launch and commencement of rollout in 2015.

Participants in the Practice Software Market typically compete on the basis of product features and the level of integration with SME Accounting Software. As cloud penetration of Practice Software is still in a relatively early stage, MYOB expects the development of successful cloud solutions to be an important driver for participants seeking to build and maintain a competitive advantage.

Figure 2.11: Principal participants in the Australia and New Zealand Practice Software Market

				Examples of products	
Brand or Owner	**Headquarters**	**Company type**	**Key geographies**	**Cloud focused product**	**Desktop focused product**
MYOB	Australia	Seeking an ASX listing	Australia and New Zealand	– (Currently in development)	AccountantsOffice, AccountantsEnterprise
Sage	UK	Listed on the London Stock Exchange (LSE)	The US, Europe and Australia	–	Handisoft
Reckon	Australia	Listed on ASX	Australia and New Zealand	–	APS, Elite
Xero	New Zealand	Listed on the New Zealand Exchange (NZX) and ASX	New Zealand, Australia, the UK and the US	Xero Practice Suite[1]	–
CCH	Netherlands	Subsidiary of Wolters Kluwer, which is listed on Euronext	Numerous jurisdictions (including Australia and New Zealand)	iFirm[1]	CCH Engagement[1]

Note:

1. These products do not currently include a complete suite of Practice Software modules as described in Section 2.3.

2.3.6 Key factors affecting entry in the Australia and New Zealand Practice Software Market

Existing market participants may benefit from the following dynamics. Conversely, these factors may hinder the ability of new entrants who wish to operate in Australia and New Zealand to compete effectively and profitably, particularly in the short term:

- **high levels of user loyalty and retention:** the Practice Software market is characterised by relatively high user retention rates, which MYOB believes is underpinned by the need for accounting practices to operate some form of Practice Software and the anticipated switching costs to retrain staff on a new system;
- **integrated Accounting Software and Practice Software solutions:** accounting practices benefit from Practice Software that operates efficiently with their SME clients' choice of Accounting Software;
- **R&D investment:** a significant amount of time and capital must be invested in R&D to design and maintain an effective and attractive Practice Software solution, particularly one tailored for the target market with equivalent features or a competitive advantage over existing products; and
- **requirement for direct sales force:** new entrants are faced with significant initial costs to establish a direct sales force and undertake marketing required to acquire new accounting practice relationships.

2.4 Australia and New Zealand Enterprise Software Market

The Enterprise Software Market covers the provision of Enterprise Software, including both ERP software solutions ("**ERP Software Market**") and HRM software solutions ("**HRM Software Market**"), to Tier 1, 2 and 3 Enterprises. As described in Section 2.1, MYOB defines Tier 3 Enterprises as "medium businesses" with 20 to 199 FTEs, Tier 2 Enterprises as "large businesses" with 200 to 999 FTEs, and Tier 1 Enterprises as "government and corporate enterprises" with over 1,000 FTEs.

These tiers have been defined by MYOB to assist in understanding the Enterprise Software Market and the enterprises for which MYOB's products are primarily designed. Notwithstanding these definitions, it is possible for enterprises of one tier to use MYOB products, or products of other participants in the market, which have been primarily designed for or targeted at another tier (or for smaller enterprises to use products more typically designed for SMEs).

MYOB has historically focused on the Tier 3 Enterprise ERP Software Market. More recently, MYOB commenced providing ERP software solutions to the Enterprise Software Market for Tier 2 Enterprises through its release of MYOB Advanced Business in January 2015. MYOB has also broadened its product scope to include HRM software for Tier 2 and 3 Enterprises, through its acquisition of PayGlobal in August 2014, a human resources and payroll solutions developer. MYOB believes that almost all Tier 2 and 3 Enterprises use some form of business management software solution given the typically diverse and complex requirements of medium to larger businesses; however, not all are currently using sophisticated Enterprise Software solutions.

2.4.1 Market size

In June 2013, there were approximately 68,200 Tier 1, 2 and 3 Enterprises in Australia and New Zealand, with approximately 54,500 located in Australia and 13,700 located in New Zealand.[1]

Between June 2010 and June 2013, the total number of Tier 1, 2 and 3 Enterprises in Australia and New Zealand increased at an estimated CAGR of 1.3% and 1.4%, respectively, representing a combined estimated CAGR for Australia and New Zealand of 1.4% to June 2013.

1. ABS (Counts of Australian Businesses, Businesses by Employee Size Ranges) and NZ Stats (Enterprises by Employee Count Size and Business Type).

Figure 2.12: Total Tier 1, 2 and 3 Enterprises in Australia and New Zealand (thousands)

Source: ABS (Counts of Australian Businesses, Businesses by Employee Size Ranges) and NZ Stats (Enterprises by Employee Count Size and Business Type). Note that this covers the number of businesses with 20 FTEs and greater.

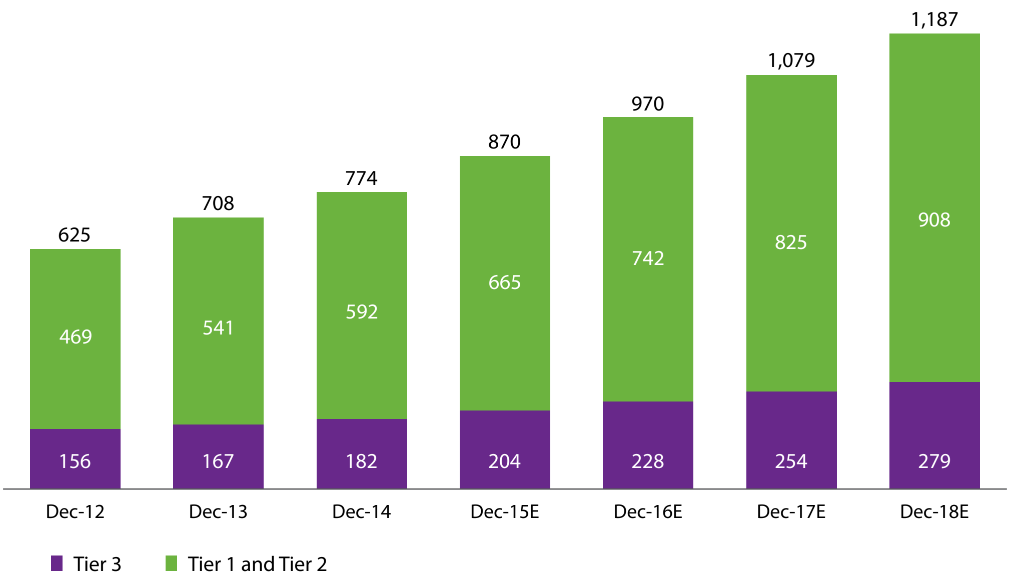
A report published by Gartner, Inc. in December 2014 ("**Gartner Report**")[1] estimated the total market size of the ERP Software Market in Australia and New Zealand to be $625 million in December 2012, $774 million in December 2014 and $1,187 million in December 2018 (representing an estimated CAGR between December 2014 and December 2018 of 11%). Based on an analysis of companies operating in each tier, MYOB estimates that approximately 24% of this spending is expected to be attributable to Tier 3 Enterprises with the rest attributable to Tier 1 and 2 Enterprises.

Having regard to the Gartner Report and this analysis, MYOB estimates that:

- the Tier 3 Enterprise ERP Software Market in Australia and New Zealand, the primary segment of the Enterprise Software Market within which MYOB currently operates, was valued at approximately $156 million at December 2012 and $182 million at December 2014, and will be valued at an estimated $279 million by December 2018; and
- the Tier 1 and 2 Enterprise ERP Software Market in Australia and New Zealand was valued at $469 million in December 2012 and $592 million at December 2014, and will be valued at an estimated $908 million by December 2018.

MYOB is not currently focused on Tier 1 Enterprises, consequently estimated future values of the combined Tier 1 and 2 Enterprise ERP Software Market may not be indicative of how revenues in MYOB's Enterprise Solutions division may grow.

Figure 2.13: Estimated Tier 1, 2 and 3 Enterprise ERP software spend in Australia and New Zealand ($ millions)



Note: Charts created by MYOB based on Gartner, Inc. research (see the two paragraphs above for more information). Source: Gartner, Inc., (Forecast: Enterprise Software Markets, Worldwide, 2011 – 2018, 4Q14 Update) published December 2014.

1. The Gartner Report (Forecast: Enterprise Software Markets, Worldwide, 2011-2018, 4Q14 Update) published December 2014.

2.4.2 Types of user

The Enterprise Software Market in Australia and New Zealand can be divided into two types of Enterprise Software users:

- **desktop users:** who comprise the majority of Enterprise Software users. Similar to the Practice Software Market, desktop users in the Enterprise Software Market pay fees on a regular basis (e.g. monthly) to access the software and receive maintenance updates and are therefore all considered to be Paying Users; and
- **cloud users:** who comprise only a small proportion of the market at present. As in the Practice Software Market, this is largely due to the lack of breadth of cloud solutions that are currently available (see Section 2.4.4.3). Similar to desktop users, cloud users pay fees on a regular basis (e.g. monthly) and are therefore all considered to be Paying Users.

2.4.3 Sales and marketing

The primary sales channel adopted by market participants is business and channel partners, typically mid sized IT consulting firms that specialise in the offered product and can assist in configuring the product as required. A less common channel is through direct sales from an in-house sales force.

2.4.4 Market growth drivers

MYOB believes there are four key growth drivers in the Enterprise Software market among Tier 2 and 3 Enterprises:

- growth in the number of Tier 2 and 3 Enterprises;
- increasing penetration of Enterprise Software (e.g. ERP and HRM software in place of SME Accounting Software) among Tier 2 and 3 Enterprises;
- increasing cloud penetration of Enterprise Software; and
- increasing average revenue per Paying User through the sale of new Enterprise Software modules and price increases related to product enhancements.

2.4.4.1 Growth in the number of Tier 2 and 3 Enterprises

An increase in the number of Tier 2 and 3 Enterprises will continue to assist growth in the Australia and New Zealand Enterprise Software Market. However, MYOB does not believe this will be among the most important growth drivers, with growth rates expected to be in line with historical trends for Tier 1, 2 and 3 Enterprises (i.e. estimated CAGR of 1.4% between 2010 and 2013).

2.4.4.2 Increasing penetration of Enterprise Software among Tier 2 and 3 Enterprises

MYOB expects that the number of enterprises using Enterprise Software as a percentage of total enterprises (or "Enterprise Software penetration") will be driven by the transition of businesses using SME Accounting Software to Enterprise Software. In particular, as Tier 3 and Tier 2 Enterprises recognise the benefits of more sophisticated products that are designed specifically for enterprises of their size and scope, MYOB expects that Enterprise Software penetration will increase.

2.4.4.3 Increasing cloud penetration of Enterprise Software

As discussed above, cloud penetration in the Enterprise Software Market is currently low, in part due to the lack of breadth of cloud solutions that are available. Similar to the SME Software Market and Practice Software Market, MYOB anticipates that increased cloud penetration will be an important driver for future growth in the Enterprise Software Market. MYOB further anticipates that higher cloud penetration of Enterprise Software will help drive revenue growth through the ability to charge higher prices as a result of greater value to enterprises from increased cloud software functionality. For example, cloud penetration in the Tier 3 Enterprise ERP Software Market is expected by MYOB to grow further (from a low base of approximately 5% in 2014) as Tier 3 Enterprises move to cloud solutions to realise their potential benefits, including reduced ongoing associated capital spend and IT support costs and enhanced productivity and efficiency.

2.4.4.4 Increasing average revenue per Paying User through sale of additional modules and price increases related to product enhancements

MYOB expects that another key driver of the Enterprise Software Market will be the potential additional average revenue per Paying User resulting from the sale of new Enterprise Software modules, as well as price increases to reflect product enhancements. Typically, enterprises do not purchase all modules of Enterprise Software upfront. Accordingly, the sale of complementary new or additional modules provides another potential revenue opportunity for providers. For example, an enterprise which originally purchased an ERP solution could subsequently purchase customer relationship management ("**CRM**") modules and mobility solutions. CRM modules would assist the enterprise in managing current and future customers, covering the sale process as well as technical support, while mobility solutions would enable the employees of the enterprise to access and interact with the ERP system from a mobile device. Further, Enterprise Software providers may also be able to charge users more for their Enterprise Software to reflect benefits resulting from upgrades or enhancements to the functionality of the core Enterprise Software.

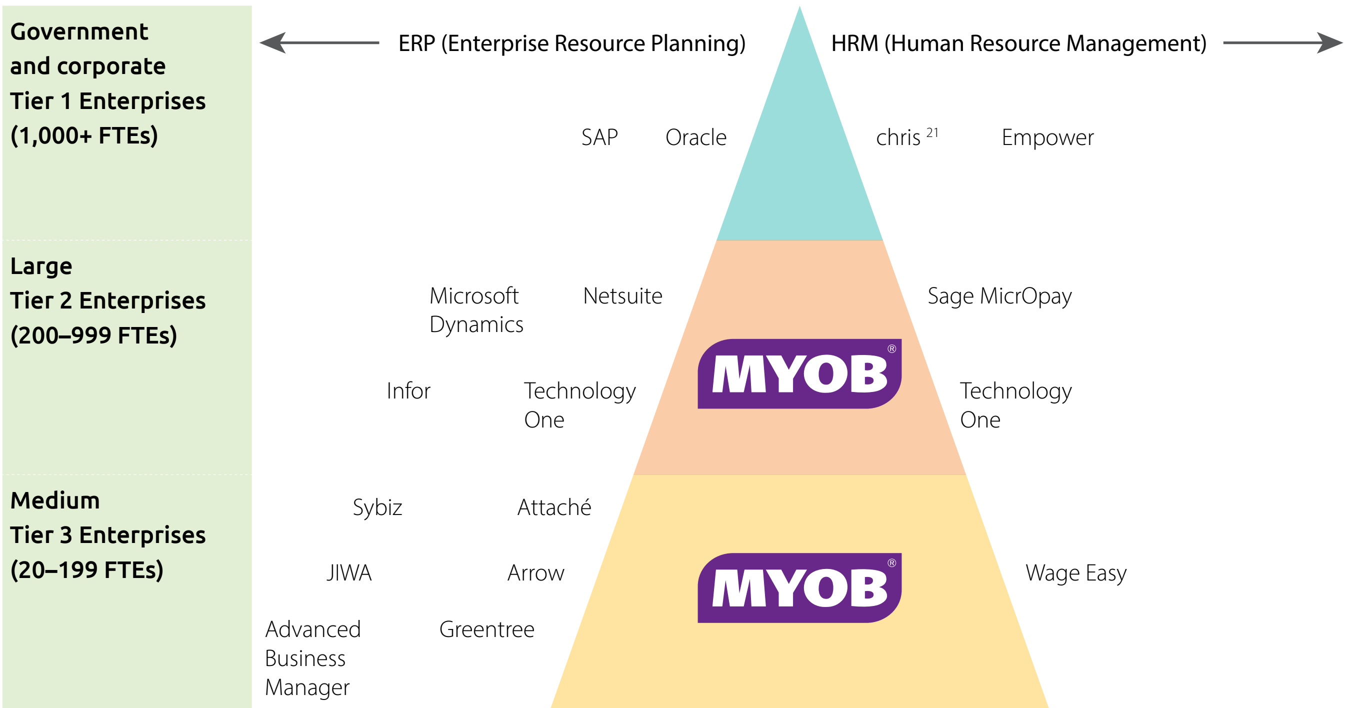
2.4.5 Competitive landscape

The Tier 3 Enterprise ERP Software Market, the primary sub-segment of the Enterprise Software Market within which MYOB has historically operated, is a fragmented market. MYOB entered the Tier 3 Enterprise ERP Software Market in 2005 and believes it is now a market leading participant by revenue in Australia and New Zealand, estimating that its revenue in FY2014 comprised approximately 15% of participant revenues in this market. Principal competitors in the Tier 3 Enterprise ERP Software Market include Attaché, JIWA and Sybiz.

MYOB released MYOB Advanced Business in January 2015. Through this product, MYOB is now also able to service the Tier 2 Enterprise ERP Software Market. There are a number of competitors in this segment of the market, including Microsoft, NetSuite, Infor and TechnologyOne. Further, in August 2014, MYOB acquired PayGlobal. The acquisition of this business has expanded MYOB's Enterprise Solution capabilities into the HRM software space for both Tier 2 and 3 Enterprises. WageEasy is one of the primary competitors in the Tier 3 Enterprise segment of the HRM market, with Sage and Technology One being primary competitors in the Tier 2 Enterprise segment of this market.

Participants in the Enterprise Software Market typically compete on the basis of breadth and depth of product functionality. As cloud penetration of Enterprise Software is still in a relatively early stage, the development of successful cloud solutions is expected be an important driver for participants seeking to build and maintain a competitive advantage.

Figure 2.14: MYOB's illustration of the Australia and New Zealand Enterprise Software Market



Note: List of Enterprise Software providers is not exhaustive, and the positions of those providers in the above table are illustrative only. Products offered by other providers (and products targeted by MYOB at certain markets) may be used by enterprises of varying sizes.

2.4.6 Key factors affecting entry in the Australia and New Zealand Enterprise Software Market

There are more participants in the Enterprise Software Market than MYOB's other markets, with some of them being very large international companies which have ready access to capital and service enterprises around the world.

Existing market participants may benefit from the following dynamics. These factors may also hinder the ability of new entrants who wish to operate in Australia and New Zealand to compete effectively and profitably, particularly in the short term:

- **high levels of user loyalty and retention:** Tier 2 and 3 Enterprises may anticipate incurring high switching costs if they change ERP or HRM software providers, and the process of switching is potentially time consuming and complicated. Further, enterprises may find it difficult to operate normally without their ERP or HRM software being fully functional at all times. MYOB's experience in the Tier 3 Enterprise ERP Software Market in Australia is that businesses tend to upgrade ERP systems approximately once every eight to ten years;
- **R&D investment:** a significant amount of time and capital would need to be invested in R&D to design and maintain an effective and attractive Enterprise Software solution, particularly one tailored for the target market with equivalent features or a competitive advantage over existing products; and
- **business and channel partners:** new entrants are required to establish a network of business and channel partners to market to and acquire new users. A broad network may be difficult to establish without significant investment over time.

3

Company Overview

3 Company Overview

3.1 Overview of MYOB

MYOB provides business management software solutions in Australia and New Zealand, which are used by over 1.2 million SMEs, 40,000 accountants and 6,400 larger enterprises as of December 2014. MYOB's largest geographic market is Australia, which accounted for 83% of its pro forma revenue in FY2014 compared with 17% for New Zealand.

MYOB's operations are divided into three divisions:

- **SME Solutions:** provides Accounting Software to SMEs, including accounting, payroll, tax and other business management software, such as solutions that enable Accounting Software providers to deliver an SME's transaction data from its bank or other financial institution to its accountant to assist in the preparation of the SME's accounts. This division accounted for 60% of MYOB's pro forma revenue in FY2014;
- **Practice Solutions:** provides Practice Software, including client accounting, practice management, tax management and document management software, to small (single partner) and large (multiple partner) accounting practices and other SME business partners. It also provides other products, including company secretarial and insolvency products. This division accounted for 27% of MYOB's pro forma revenue in FY2014; and
- **Enterprise Solutions:** provides Enterprise Software, including ERP and HRM software, to medium businesses (20 – 199 FTEs, referred to as Tier 3 Enterprises) and large businesses (200 – 999 FTEs, referred to as Tier 2 Enterprises). The acquisition of PayGlobal in August 2014 expanded MYOB's product offering to include HRM software solutions for Tier 2 and 3 Enterprises. More recently, the release of MYOB Advanced Business in January 2015 has expanded MYOB's ERP software capabilities to service Tier 2 Enterprises. This division accounted for 13% of MYOB's pro forma revenue in FY2014.

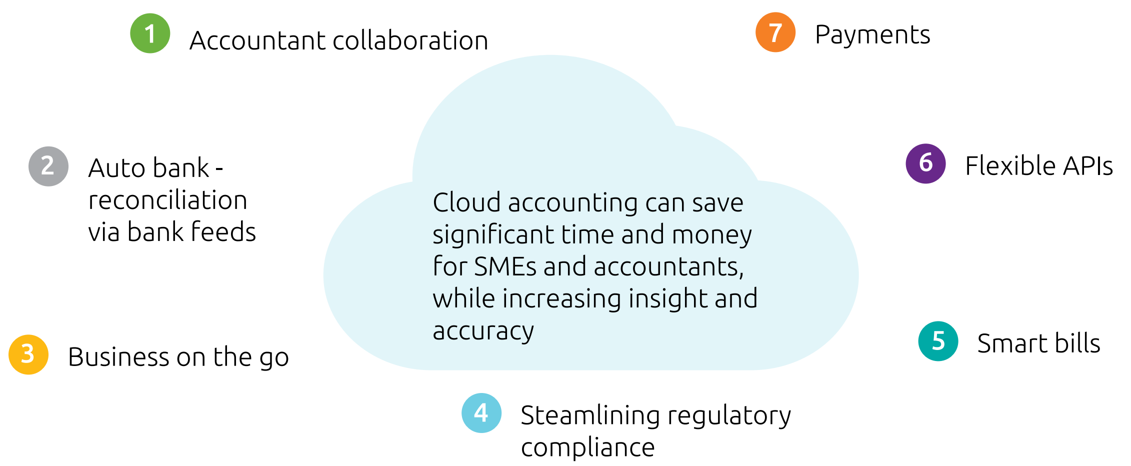
Further detail on these divisions, the products they offer and their primary sales channels is set out below and in Section 3.5.

The Company is the market leader in the SME Software Market in Australia and New Zealand by number of users, estimating that its users comprise approximately 60% to 65% of the total number of Accounting Software users in this market. In addition, it is the market leader by revenue in the Practice Software Market in Australia and New Zealand, estimating that its revenue in FY2014 comprised 60% to 65% of participant revenues in this market. MYOB is also a market leading participant by revenue in the supply of ERP Software to Tier 3 Enterprises in Australia and New Zealand, estimating that its revenue in FY2014 comprised approximately 15% of participant revenues in this market.

MYOB has spent over $100 million in R&D over the last three years, in particular focusing on expanding its SME Solutions and Enterprise Solutions offerings to include cloud solutions as well as traditional desktop products. MYOB is also currently developing a cloud solution for its Practice Solutions division (refer to Section 3.5.2.1).

MYOB's vision is to make business life easier. MYOB provides innovative business solutions to its clients that manage the accounting record keeping, compliance and reporting aspects of their businesses. The Company's products assist business owners to focus on their core business. MYOB is focused on simplifying accounting for its clients through simple user interfaces and workflow designs and reducing data entry workload, for example, through innovative features that utilise the cloud. Central to this vision is to be at the centre of a mobile, connected world via a suite of cloud solutions (see Figure 3.1).

Figure 3.1: MYOB's vision for cloud solutions and Connected Services



Note: See Section 2.2.4.3 for further discussion of the potential benefits of cloud solutions to SMEs.

3.1.1 Overview of key MYOB products

Key products currently offered by the SME Solutions division include:

- **MYOB BankLink:** MYOB's Accounting Software solution designed for very small businesses with limited transactions and low accounting needs, and functions to deliver an SME's transaction data (with its consent) from its bank or other financial institution to its accountant to assist in the preparation of the SME's accounts. MYOB BankLink is currently only available as a desktop product, although MYOB has begun developing a cloud solution;
- **MYOB Essentials:** MYOB's Accounting Software solution targeted at small businesses that have relatively simple accounting needs. MYOB Essentials is designed for businesses that want an easy record keeping system that is highly automated. MYOB Essentials includes the direct import of bank transactions and a smart bills feature. MYOB Essentials is a cloud solution; and
- **MYOB AccountRight:** MYOB's most complete Accounting Software product for SMEs targeted at businesses with more complex accounting needs, such as inventory management and job costing. MYOB AccountRight contains the time saving features of MYOB Essentials, but allows for more customisation of reporting. MYOB AccountRight is often used by a specialist finance professional or bookkeeper in the business. MYOB AccountRight is available as a desktop product and cloud solution.

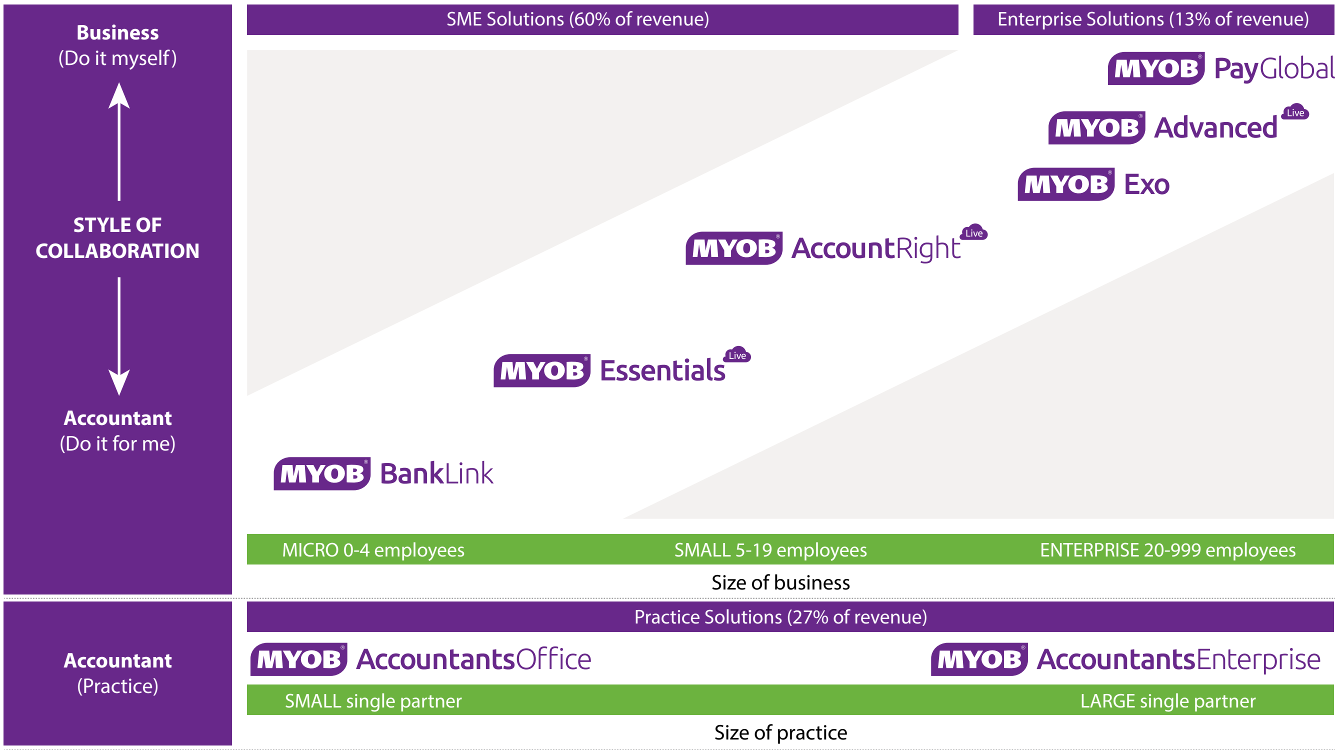
Key products currently offered by the Practice Solutions division include:

- **MYOB AccountantsOffice:** MYOB's Practice Software solution targeted at smaller, single partner practices. AccountantsOffice is a highly integrated suite of modules that have functionality targeted at smaller practices that typically offer tax services and have a client base of mostly small businesses. The AccountantsOffice suite enables the accountant to prepare and lodge tax returns and statutory accounts on behalf of its clients. AccountantsOffice is a desktop product; and
- **MYOB AccountantsEnterprise:** MYOB's Practice Software solution targeted at larger, multiple partner practices. AccountantsEnterprise is a highly functional, very customisable suite of modules that enables accountants to serve the needs of larger clients. AccountantsEnterprise also includes software that enables a larger practice to assign tasks to specific individuals within the accounting practice, track work in progress, manage billing and invoicing and generally manage, track and report on the flow of work through the practice. AccountantsEnterprise is a desktop product.

Key products currently offered by the Enterprise Solutions division include:

- **MYOB Advanced Business:** MYOB's cloud ERP software solution targeted at both Tier 2 and 3 Enterprises which was released in January 2015. MYOB Advanced Business is one of only a few ERP cloud solutions designed primarily for Tier 2 and 3 Enterprises in Australia and New Zealand. MYOB is also developing an HRM cloud solution targeted at both Tier 2 and 3 Enterprises, referred to as MYOB Advanced People (see Section 3.5.3.1). MYOB Advanced Business is a highly functional and highly customisable financial product for large businesses that have complex accounting needs and multiple users. MYOB Advanced Business is sold through partners of MYOB who configure the product for each specific client;
- **MYOB EXO:** MYOB's desktop Enterprise Software solution comprising both ERP (MYOB EXO Business) and HRM (MYOB EXO Employer Services) software options, which is targeted at Tier 3 Enterprises. MYOB EXO is a highly customisable financial product for Tier 3 Enterprises that have complex accounting needs and multiple users. MYOB EXO is sold through partners of MYOB who configure and install the product for each specific client; and
- **MYOB PayGlobal:** MYOB's desktop Enterprise Software solution covering payroll and human resources management, which is targeted at Tier 2 and 3 Enterprises. MYOB PayGlobal is a highly customisable payroll and human resources solution that covers all areas of workforce management including payroll, time and attendance, rostering and employee self service human resource management.

Figure 3.2: Overview of MYOB's divisions and key product suite



Note: Divisional breakdown based on pro forma revenue contribution in FY2014. Also note that MYOB AccountRight is available as a desktop product and cloud solution.

3.2 MYOB history

The MYOB business was founded in 1991 and initially provided Accounting Software for small businesses in Australia and subsequently New Zealand. MYOB expanded its product offerings to include Practice Software solutions for accounting practices in 1997 and Enterprise Software solutions for Tier 3 Enterprises in 2005. The MYOB business was listed on ASX between 1999 and 2008. Subsequently, Bain Capital became the majority owner in September 2011.

Under its current ownership, MYOB accelerated its development of cloud solutions. It also made a number of strategic acquisitions to support its growth, including:

- **BankLink (2013):** expanding MYOB's product offering to service micro businesses in Australia and New Zealand (see Section 3.1.1);
- **PayGlobal (2014):** expanding MYOB's capabilities in HRM and payroll software for Tier 2 and 3 Enterprises in Australia and New Zealand (see Section 3.1.1); and
- **Dovetail (2014):** expanding MYOB's cloud collaboration platform for accountants.

MYOB has also entered into a number of strategic partnerships through minority stakes in:

- **Kounta (2014):** expanding MYOB's user base and product offering for cloud point of sale solutions for retail businesses; and
- **Acumatica (2014):** accelerating the development of MYOB's cloud offering MYOB Advanced.

Figure 3.3: Certain key events in the history of the MYOB business since 1991

In recent years, MYOB has focused on evolving from a provider of desktop business management products to a leading provider of cloud business management solutions and Connected Services. The evolution of MYOB's business strategy can be segmented into the following periods:

- **past (pre 2008):** the strategic direction of MYOB was desktop product focused, with limited cloud strategy in place. MYOB expanded internationally into Asian markets, and its R&D was targeted at compliance and language localisation;
- **present (2008 – 2014):** MYOB refocused its strategy on developing cloud solutions for the Australia and New Zealand market. Key features of MYOB's strategy in this period included focusing R&D on cloud solutions, enabling a closer relationship between its SME and Practice Software products, driving accountant referrals, and expanding into Connected Services; and
- **future (post 2014):** MYOB's strategy for the future is to continue its focus on being a leading provider of cloud enabled business management software solutions. This strategy is discussed in further detail in Sections 3.3.1.1 and 3.6.

3.3 MYOB business model

3.3.1 Revenue generation

MYOB generates revenue from selling its desktop and cloud products and related services to its users. It has two types of users, which generate revenue in different ways:

- **desktop users:** revenue generation from desktop users varies by division:
  - **SME Solutions:** make a one-off, upfront payment to purchase a perpetual licence to use MYOB software and have the discretion to make additional payments for technical support and product upgrades and access to enhanced product features (known as "maintenance"). Product updates are primarily compliance related and released at the end of each tax year (June in Australia and March in New Zealand). If a desktop user does not make maintenance payments, they will still be able to use the latest version of the software installed on their computer. SME desktop users also include SMEs whose accountants use MYOB BankLink to prepare their accounts and make regular payments directly to MYOB for ongoing access to the product, as well as on a per bank account and per transaction basis;
  - **Practice Solutions:** make a one-off, upfront new licence payment, which includes a consulting fee for MYOB to install the software, and then make ongoing maintenance payments to MYOB. Users in the Practice Solutions division must make maintenance payments to continue to receive product updates, which include a number of compliance updates required to continue to serve their clients' tax needs as well as regular releases of new functionalities; and
  - **Enterprise Solutions:** make a one-off, upfront new licence payment and then make ongoing maintenance payments to MYOB. A consulting fee for initial setup and configuration is paid to a partner of MYOB (see Section 3.5.3.2) to install the software. Enterprise Solutions users must make maintenance payments to continue to use the software and receive product updates, including the compliance update at the end of each tax year as well as regular releases of new functionalities; and
- **cloud users:** make ongoing payments (known as a "subscription") to use MYOB's software. If users stop making their subscription payments, they will be unable to use the software for future transactions; however, those with a perpetual licence will still be able to access and utilise the desktop version of the software. Product updates for cloud-based products also include the compliance updates at the end of each tax year, as discussed above, and regular releases of new functionalities.

As described in the Industry Overview section (see Sections 2.2.2, 2.3.2 and 2.4.2), business management software users can also be divided into Paying Users and Non-paying Users:

- **Paying Users:** comprise all cloud users and those desktop users that make additional maintenance payments, including MYOB BankLink clients. All desktop users in the Practice Solutions and Enterprise Solutions divisions are Paying Users, given maintenance payments are mandatory for these users. Revenue derived from Paying Users including subscription and maintenance payments, but excluding one-off perpetual and new licence payments, is referred to as "**Recurring Revenue**"; and
- **Non-paying Users:** comprise desktop users in the SME Solutions division that only purchase the initial perpetual licence and do not make additional maintenance payments.

MYOB offers two types of payment plans to its users:

- **fixed term contracts:** a contract requiring users to make maintenance or subscription payments for a fixed period, typically 12 months (although alternative payment plans are possible) and are generally paid upfront; and
- **ongoing contracts:** an ongoing (primarily monthly or annual) payment plan available to both desktop and cloud users. Desktop users may elect to make maintenance payments under an ongoing contract, while the majority of cloud users make subscription payments under ongoing contracts. Ongoing contracts are rolling contracts that do not need to be renewed. A user must contact MYOB to cancel an ongoing contract.

The majority of MYOB's new users enter ongoing contracts. MYOB is also encouraging existing clients on fixed term contracts to move to ongoing contracts.

MYOB also generates revenue through the sale of a range of Connected Services that complement MYOB's core software products, and transaction services which include the processing of financial transactions and provision of training sessions and seminars.

MYOB's largest business division, SME Solutions, had over 1,220,000 desktop users and cloud users, including approximately 505,000 Paying Users, in December 2014. At that time, MYOB's SME Solutions Paying User base comprised approximately 116,000 cloud users and 389,000 desktop users who are Paying Users as illustrated in Figure 3.4.

Figure 3.4: Overview of MYOB's SME users

	Desktop users		Cloud users
	Non-paying User	**Paying User**	**Paying User**
Key products used by SMEs	• MYOB AccountRight	• MYOB AccountRight • MYOB BankLink	• MYOB Essentials • MYOB AccountRight
Revenue source	• Payment for upfront purchase of perpetual licence	• Payment for upfront purchase of perpetual licence • Payment for maintenance • Fees for technical support • For MYOB BankLink – payment by the SME's accountant for access to the product	• Recurring payments for access to software, updates and cloud-hosting of data
# SME users (as at December 2014)	716,000 SMEs	389,000 SMEs	116,000 SMEs
Payment type	One time (upfront)	Fixed contract and sometimes ongoing	Ongoing and sometimes fixed contract

3.3.1.1 Growth in Paying Users

MYOB's business model is focused on driving cloud adoption and increasing its Paying User base. This transition is important to MYOB's ability to enhance customer lifetime value and increase user retention.

MYOB has successfully grown its Paying User base, which grew at a CAGR of 10% from approximately 377,000 in December 2011 to approximately 505,000 in December 2014 (see Figure 3.5).[1] This increase has been underpinned by the strong growth in MYOB's cloud user base, which grew at a CAGR of 210% from approximately 4,000 cloud SME users in December 2011 to approximately 116,000 as of December 2014 (see Figure 3.6), as new users increasingly adopt cloud solutions and existing users are transitioned from desktop products on to cloud products.

Figure 3.5: Total MYOB SME Paying Users (thousands)

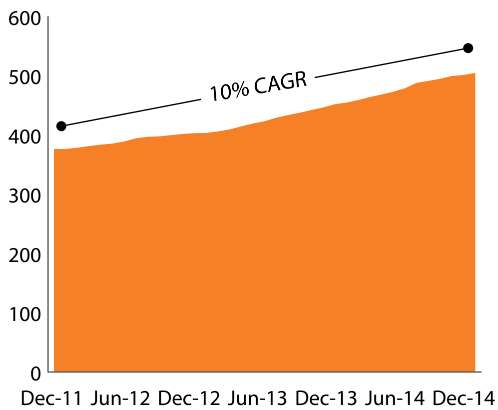
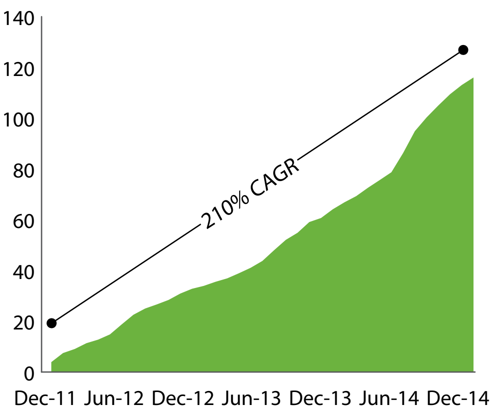


Figure 3.6: Total MYOB SME cloud users (thousands)



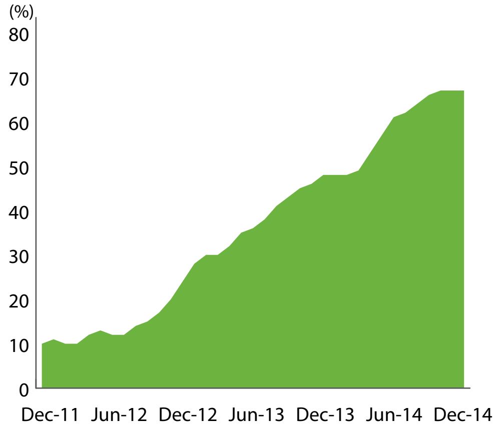
Note: Total number of Paying Users includes BankLink user numbers, including pre May 2013 when BankLink was acquired by MYOB.

1. These figures include BankLink user numbers over this period, including pre-May 2013 when BankLink was acquired by MYOB.

The number of MYOB SME cloud registrations as a percentage of total MYOB SME registrations in the three months ended ("**L3M**") December 2014 increased significantly to 67% compared with 11% in L3M December 2011 (see Figure 3.7).

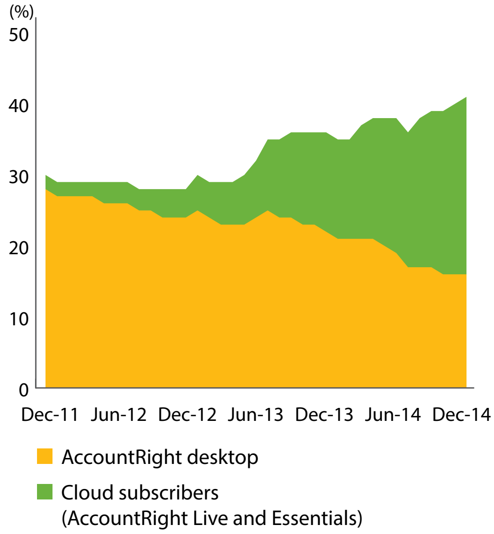
The number of businesses registering for GST is an indicator of new SMEs that may have a need for Accounting Software. As non-accounting software users, desktop users and new SMEs adopt cloud solutions, new product registrations in MYOB's AccountRight (desktop and cloud) and Essentials solutions have considerably increased as a percentage of new GST registrations (excluding government entities, unincorporated businesses and unit trusts), growing from 30% in December 2011 to 40% in December 2014, which MYOB believes illustrates the strength of MYOB's current cloud solutions (see Figure 3.8).

Figure 3.7: MYOB cloud registrations as a % of total new MYOB SME registrations (L3M)[1]



Note: Total new MYOB SME registrations do not include BankLink and Essentials Cashbook registrations.

Figure 3.8: MYOB new product registrations for AccountRight and Essentials solutions as a % of new GST registrations in Australia (registration data lagged by 12 months)



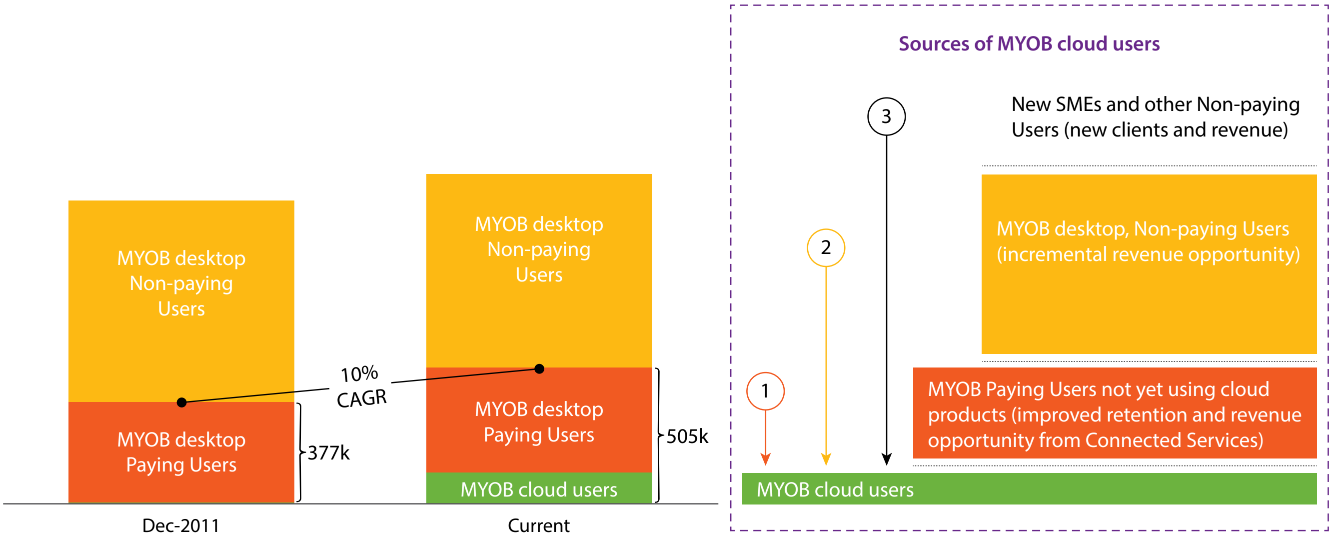
Source: GST registrations sourced from the Australian Business Register. Registration data lagged by 12 months to reflect that businesses may take a period of 12 months before choosing accounting software. New GST registrations exclude government entities, unincorporated businesses and unit trusts. MYOB new product registrations exclude Essentials Cashbook.

MYOB expects that its Paying User base will continue to grow in line with recent historical trends, driven by a continued increase in cloud users as a result of the migration of desktop Non-paying Users to cloud solutions and the capturing of new SMEs and non-software users that choose to adopt cloud solutions. This is supported by:

- **MYOB's recent momentum in cloud market share:** MYOB estimates, including from an assessment of releases and information provided by competitors and other third parties, that its share of new cloud users in the SME Software Market in Australia in the six months ended ("**L6M**") October 2014, was approximately 47% compared with 18% in L6M October 2011. This share excludes cashbook solutions where MYOB has been in the market for less than 12 months;
- **MYOB's leading share in desktop software solutions:** MYOB's large desktop user base positions it to benefit from an expected continuation of the migration of its existing desktop users to the cloud; and
- **MYOB's strong cloud brand preference:** 58% of SMEs responding to the December 2014 Surveys identified MYOB as their preferred cloud Accounting Software provider from a sample list of competitor brands. In addition, the majority of accountants responding to the December 2014 Surveys indicated they would recommend MYOB cloud Accounting Software to their SME clients over the next 12 months. MYOB expects its brand awareness to assist MYOB in attracting non-accounting software users and new SMEs in adopting MYOB's cloud products.

In addition, MYOB expects the migration of MYOB desktop Paying Users to the cloud to increase retention rates and create the opportunity for increased average revenue per Paying User through the sale of Connected Services (see Figure 3.9).

Figure 3.9: Desktop transition to the cloud and new cloud registrations are expected to drive Paying User growth



3.3.1.2 Average revenue per Paying User

In addition to the number of Paying Users, average revenue per Paying User is also a primary driver of MYOB revenue. Key factors influencing average revenue per Paying User include:

- **price increases:** MYOB continues to add value to its software products, including new features and functionalities, which has enabled it to pass on regular price increases to its users;
- **Connected Services:** Connected Services, such as PayDirect, which are purchased as an add-on to the Company's core cloud Accounting Software products may help to increase average revenue per Paying User; and
- **changing product mix:** the year on year change in average revenue per Paying User is also influenced by the product choices of new and existing users, driven by their software needs and preferences. For example, as MYOB has increased its market share of micro businesses and cloud users, an increasing proportion of new and existing MYOB users have adopted lower price point products, which has affected average revenue per Paying User in recent years.

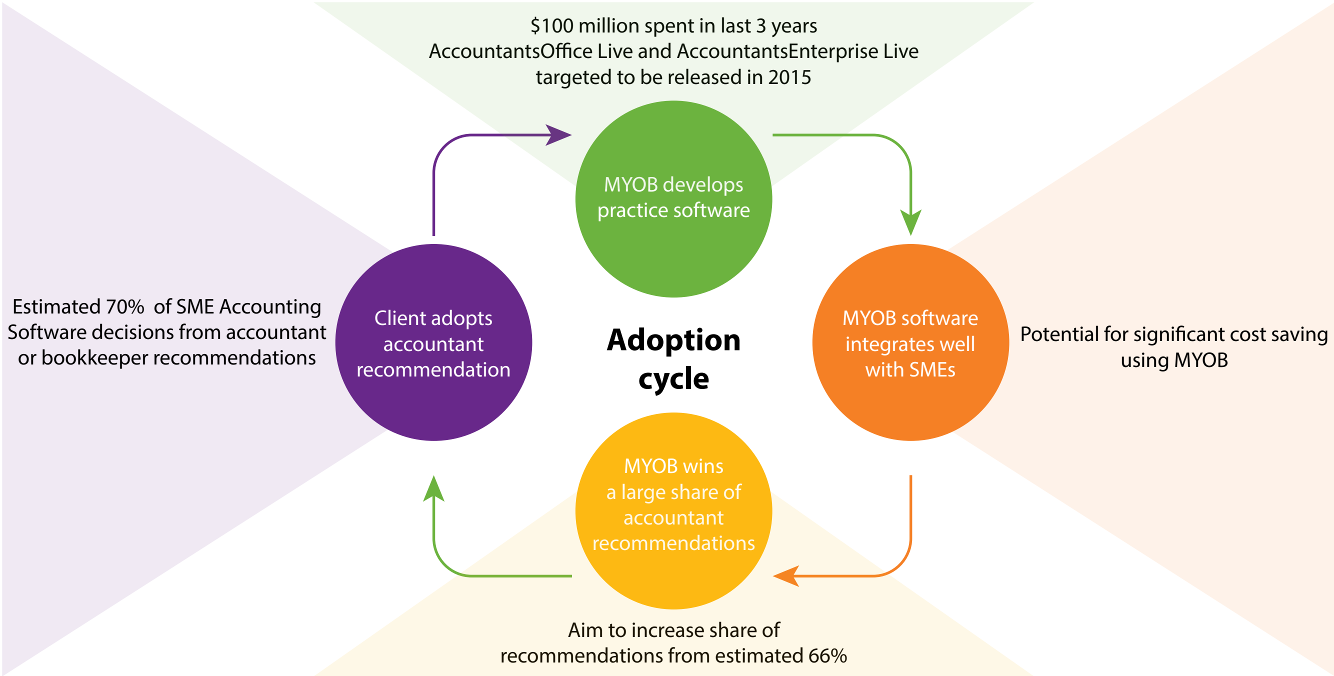
3.3.2 Relationship between accountants and SMEs

MYOB believes it is well placed to increase its user base and market share by leveraging its strong position in accounting practices. For example:

- **close integration between SME Solutions and Practice Solutions software:** responses from the December 2014 Surveys indicated that accounting practices are more likely to recommend a product that easily integrates with their current Practice Software. MYOB has invested in its product offering to ensure its SME Solutions and Practice Solutions software products are closely integrated. For example, MYOB's Practice Solutions software can read and write data to all of MYOB's SME cloud solutions. MYOB believes that the close integration between its SME and accounting practice products, coupled with its leading share of the Practice Software Market (refer to Section 2.3.5), increases the likelihood that accountants will recommend MYOB product solutions to their clients;
- **large number of accountant recommendations:** 66% of accountants responding to the December 2014 Surveys that use MYOB Practice Software products indicated they have recommended MYOB Accounting Software to their SME clients, with 70% of SME respondents to the December 2014 Surveys indicating that they are likely to follow their accountant's or bookkeeper's recommendation of Accounting Software. This outcome is supported by MYOB's leading share of the Practice Software Market (refer to Section 2.3.5). In line with general industry practice, accountants whose referrals lead to sales are eligible to receive commissions or discounts on future MYOB products for their practice or their clients; and
- **strong product offering:** MYOB currently offers a range of leading cloud solutions to SMEs and Tier 2 and 3 Enterprises and is also developing a cloud solution for its Practice Solutions division (see Section 3.5.2.1). MYOB expects these developments will continue to support recommendations from accountants to use MYOB products.

Figure 3.10 highlights the relationship between accountants and SMEs, which MYOB refers to as the "accounting adoption cycle", and MYOB's position within this cycle.

Figure 3.10: The accounting adoption cycle

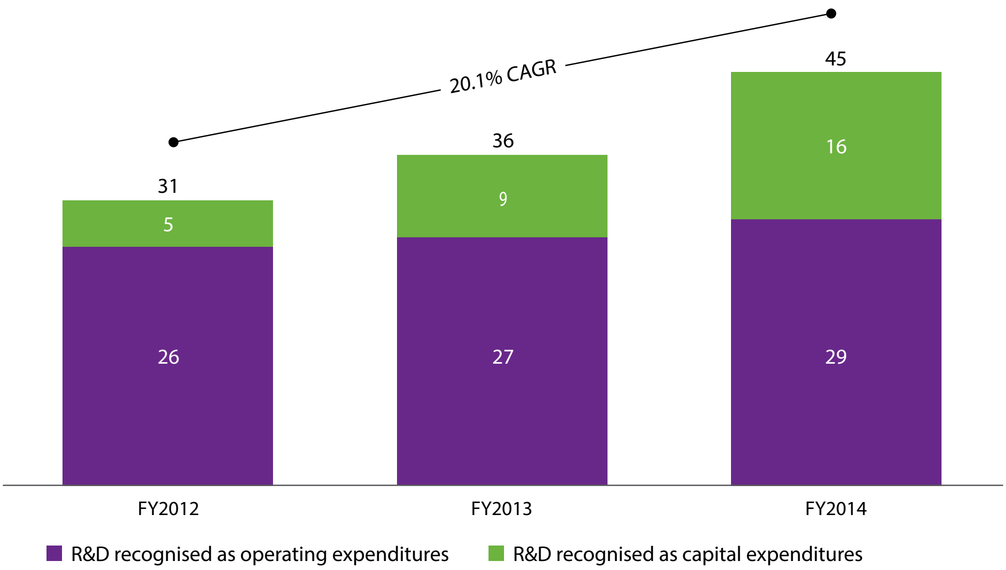


3.3.3 MYOB's investment in R&D

A core component of MYOB's cloud focused business model, and its target to capture an increasing portion of SMEs moving to the cloud, is to invest significantly in product development and to be a leading product innovator in its markets. MYOB has spent over $100 million in R&D over the last three years, in particular to transform its SME Solutions and Enterprise Solutions offerings from traditional desktop products to cloud solutions. This investment has, for example, enabled it to be the first major Accounting Software provider in Australia and New Zealand to offer features such as mobile payments, online ABN lookup and smart bills to SMEs.

Total R&D expenditure has grown at a CAGR of 20.1% between FY2012 and FY2014, increasing from $31 million in FY2012 to $45 million in FY2014. MYOB intends to continue to invest in core product innovation to continue to offer market leading products.

Figure 3.11: MYOB R&D spending ($ millions)



Note: R&D divided between the portion which is capitalised and considered to be capital expenditure (product development costs related to significant enhancements to new products that have not been released in the market, and the development costs associated with MYOB's internal CRM systems) and the portion which is expensed as part of operating expenditure and recognised on the income statement (all other product development costs, primarily expenditure on products that are available in the market).

3.3.4 Other features of MYOB's business model

Overall, MYOB's business has historically exhibited a strong recurring earnings and cash flow generation profile, underpinned by high user retention and low price elasticity of demand, as explained below:

- **high proportion of Recurring Revenue:** MYOB has consistently maintained a high level of Recurring Revenue, increasing from 89% of total pro forma revenue in FY2012 to 94% in FY2014. MYOB expects that continued migration to the cloud will continue to support high levels of Recurring Revenue. In addition, the payment of maintenance fees for software updates (essential for desktop clients who wish to use the latest versions of MYOB products) contributes to this profile;
- **high user retention:** the percentage of software users who remain with a certain software provider over a given period (referred to as user "retention rate": see Section 2.2.2.1) in the industry is generally high because business management software is central to the efficient operation of many businesses and MYOB believes users have a high anticipated cost of switching providers. MYOB has historically maintained high user retention rates. In the financial year ended 31 December 2011, MYOB's SME user retention rate was approximately 78%. This has grown to approximately 81% in FY2014, with cloud retention materially higher than retention for desktop products; and
- **price inelasticity of demand:** MYOB's user retention rates have not historically been affected significantly by increases in product prices (see Section 3.3.1.2). MYOB attributes this to the central nature of business management software to many businesses and product improvements which MYOB has provided to users. This has also been demonstrated by historically consistent growth in the number of Paying Users despite price increases (see Figure 3.13).

Figure 3.12: Historical composition of MYOB's revenue (Recurring Revenue versus perpetual and new licence revenue)[1]

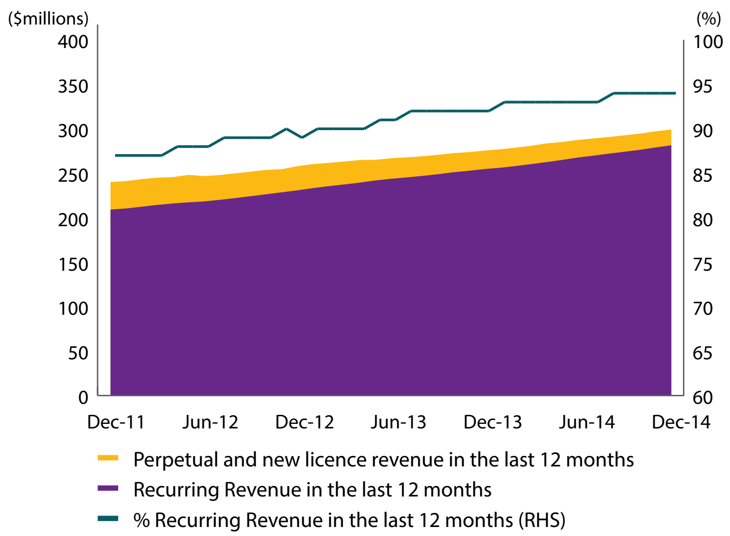
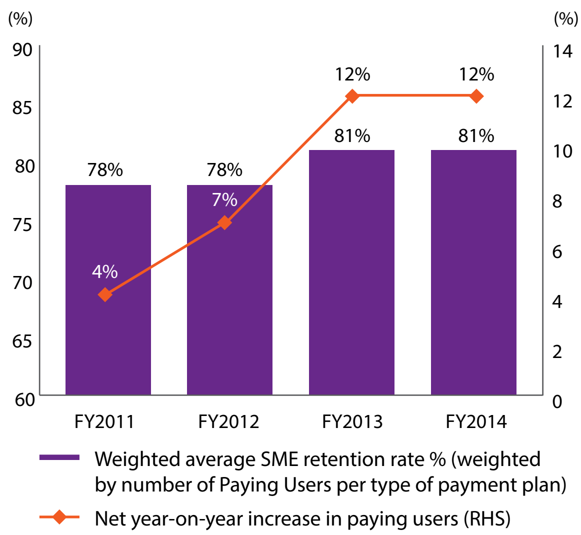


Figure 3.13: MYOB's historical weighted average SME retention rate % and net increase in SME Paying Users % for the financial year indicated[2]



Notes:

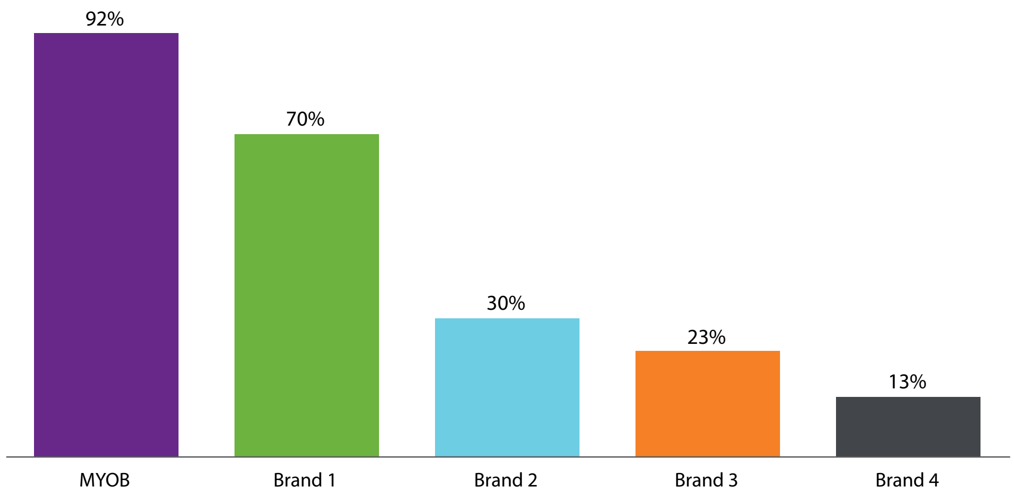
1. Figure pre May 2013 include revenues of BankLink and pre August 2014 include revenues of PayGlobal as if those acquisitions had been completed on 31 December 2011 (based on historical financial information). Perpetual licence revenue relates to the SME Solutions division and new licence revenue relates to the Practice Solutions and Enterprise Solutions divisions. % Recurring Revenue in the last 12 months refers to Recurring Revenue as a % of total revenue (Recurring Revenue and perpetual and new licence revenue).
2. Figures pre May 2013 include BankLink users as if that acquisition had been completed on 31 December 2011.

3.4 Brand awareness and user loyalty

A core contributor to MYOB's leading market position is its strong brand awareness and user loyalty:

- **leading brand awareness:** responses from SMEs to the December 2014 Surveys and additional surveys indicate that MYOB has the highest prompted brand awareness among key Accounting Software brands in Australia at 92% (see Figure 3.14). These responses also indicated that MYOB has the highest unaided brand awareness in Australia for cloud accounting solutions among respondent SME desktop users and non-accounting software users of 29% and 25%, respectively. Unaided awareness of the respondents for the next highest cloud Accounting Software peer in Australia was 10% for desktop users and 11% for non-accounting software users; and

Figure 3.14: December 2014 Surveys: Brand awareness in Australia measured by % prompted awareness of Accounting Software brands



- **Strong user loyalty:** MYOB has strong user loyalty with 60% of users that continue to use MYOB software being with the Company for six years or more (see Figure 3.15). The composition of MYOB's revenue in terms of year of customer acquisition also suggests that MYOB has strong user loyalty. As highlighted in Figure 3.16, pre 2005 clients still accounted for 42% of sales in FY2014.

Figure 3.15: SME users by year of activation[1]

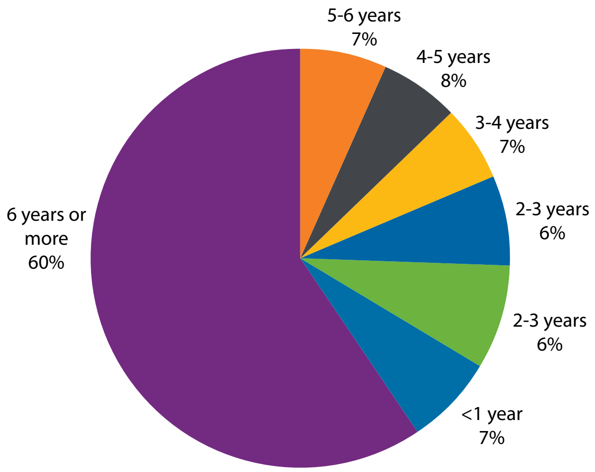
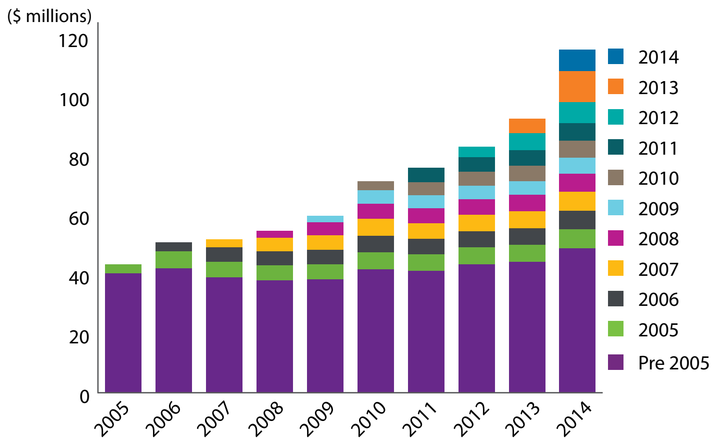


Figure 3.16: Subscription and maintenance revenue for SME products and composition by year of SME user acquisition[2]



Notes:

1. Based on SME Solutions users, and excludes BankLink and Essentials Cashbook.
2. Revenue excludes BankLink and Essentials Cashbook and only considers New Zealand data from 2003 onwards. Revenue only includes subscription and maintenance revenue and excludes perpetual licence revenue, and other revenue categories including memberships, training and seminars.

MYOB believes that leading brand awareness and strong user loyalty are important to its business as they are a significant driver of purchasing decisions in the SME Software Market.

3.5 Further information on MYOB's divisions and products

3.5.1 SME Solutions

The SME Solutions division is MYOB's largest operating division and provides Accounting Software products for SMEs in Australia and New Zealand. The division represented 60% of total pro forma revenue in FY2014, 95% of which was Recurring Revenue.

3.5.1.1 Product offering

The SME Solutions division provides SMEs with a broad product offering that is tiered by levels of specialisation and sophistication. MYOB's product suite includes a broad spectrum of SME cloud accounting solutions.

MYOB currently offers three key products in the SME Solutions division: MYOB BankLink, MYOB Essentials and MYOB AccountRight, with an additional product for Apple Mac systems called MYOB AccountEdge. MYOB also provides Connected Services, including MYOB PayDirect and MYOB Kounta online point of sale. Figure 3.17 summarises SME Solution's current key product offerings.

Figure 3.17: Overview of MYOB's current key SME Solutions products

MYOB BankLink	MYOB Essentials Live	MYOB AccountRight Live
Desktop only	**Cloud only**	**Available desktop only or desktop and cloud**
BankLink: A product which helps an SME's accountant prepare and maintain financial records for small SMEs that do not wish to be involved in the accounting process. The accounts are based on a direct feed of bank transactions relating to the business Features: • Designed for the SME who prefers for its accountant to maintain control ('Do it For Me') • Streamlines process enabling the accountant to manage the accounting requirements for businesses with a high level of automation and minimal manual data entry • MYOB receives payment from accountants per bank account and per transaction made by an SME	**Essentials Accounting:** Easy cloud accounting software, with payroll option. Businesses can use this as a 'Do it Yourself solution', or work with their accountant as a 'Do it For Me' or 'Do it With Me' solution **Essentials Cashbook:** A 'Do it For Me' or 'Do it With Me' solution that manages the books for a cash-based business and is designed for businesses who prefer to collaborate with their accountants to manage their accounting Features: • Browser based, to manage accounts anywhere, anytime on a Mac or Windows PC, tablet and smartphone • Fast and easy way to manage cash flow and compliance requirements	**AccountRight Standard:** For businesses that sell goods and need to manage inventories **AccountRight Plus:** For businesses that need to manage inventories and/or pay their employees using regulatory compliant payroll software **AccountRight Premier:** For businesses that need to manage inventories and/or need to pay their employees using regulatory compliant payroll software and need to manage a business operating in multiple locations Features: • Flexible, powerful, customisable and able to support complex processes • Users have the option to create a local backup and/or work offline – a distinct advantage over competitor products which do not offer this feature, allowing clients to work where there is no internet connection

New cloud solution for BankLink

A cloud version of the desktop BankLink product is currently under development by MYOB. This will provide a migration path for accountants who are looking to move their clients to the cloud and will mean that all of MYOB's SME Accounting Software products from BankLink to Essentials to AccountRight are available in the cloud.

Connected Services

MYOB's Accounting Software can easily be extended by adding Connected Services, tailored to individual needs or specific industries, including:

- **MYOB PayDirect:** enables SME users to take payments on the spot using a smartphone (also available as a standalone payments solution); and
- **MYOB Kounta:** an online point of sale system. MYOB Kounta is an online application that is compatible with industry standard point of sale hardware, including printers, cash drawers and barcode scanners and is available on iPad, Android, Mac or PC. Real-time data, such as sales per staff member, sales per hour and best performing products are available from the device utilising MYOB Kounta, for example an iPad, which can also be used as the business' sales register.

Third party add-ons

MYOB AccountRight also integrates with approximately 140 third party solutions from CRM to advanced reporting and debt management. Third party add-ons extend the range of functionality of the core AccountRight product and provide additional benefits to clients. For example, several add-ons relate to the building and construction industry and provide specific functionality for businesses in this field, such as quote management, planning and project management. These add-on applications have been built to integrate with MYOB AccountRight using an API which is made available to MYOB's developer partners.

3.5.1.2 Primary sales channels

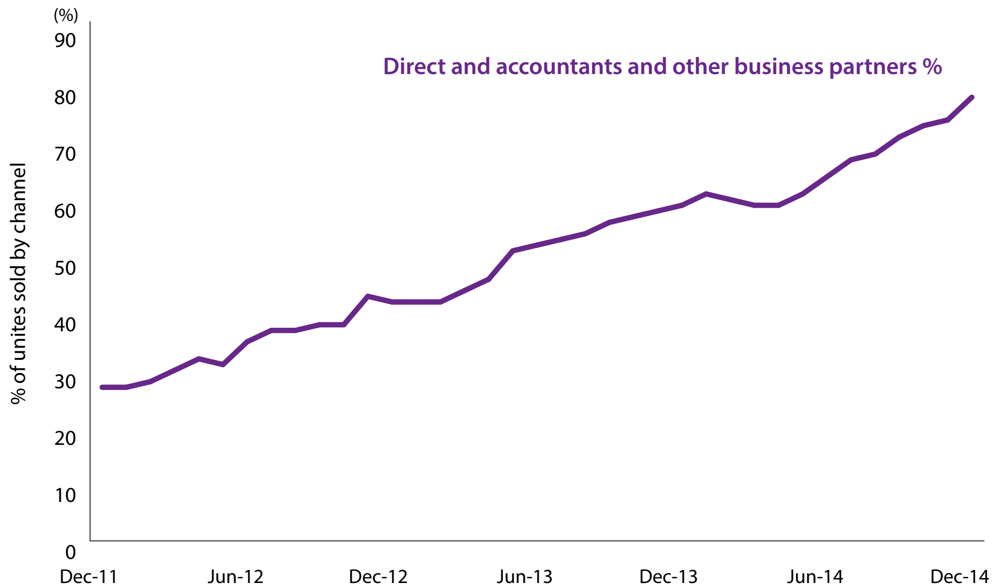
MYOB takes a multi channel approach in its sales and marketing to SMEs, using accountants and business partners, direct sales and retail channels:

- **accountants and business partners:** sales made through MYOB business partners, primarily comprised of accountants, bookkeepers and IT consultants;
- **direct sales:** direct sales channels include the MYOB website and contact centre. These are an increasing source of sales as clients choose cloud solutions and use the online channel to research and purchase; and
- **retail:** the sale of physical software via third party retailers was for many years the dominant channel but has decreased in importance as sales shift to partners and direct sales.

The marketing activities used to support the above sales channels include brand and product advertising, public relations, social media activities, conferences and events, online advertising, search engine optimisation, direct mail and electronic mail.

In FY2014, approximately 78% of MYOB's SME Solutions new registrations were sold through either accountants and business partners or direct sales channels:

Figure 3.18: Percentage of new units sold through accountants and business partners, or direct sales channels (based on unit sales in the last 12 months)



Note: Total units sold exclude BankLink and Essentials Cashbook units.

3.5.2 Practice Solutions

The Practice Solutions division is MYOB's second largest operating division and provides client accounting, practice management, tax management and document management software to accounting practices. The division represented 27% of total pro forma revenue in FY2014, 97% of which was Recurring Revenue.

3.5.2.1 Product offering

The software products provided by the Practice Solutions division are designed around reliability, scalability and timely delivery of new releases. The software is designed to integrate with MYOB's SME Solutions products so that accountants can efficiently manage the accounting and tax affairs of users of MYOB Accounting Software. For example, the Practice Solutions products can read and write the accounting data file used in the SME Solutions cloud products, enabling accountants to work real-time on their client files.

MYOB currently offers two products in the Practice Solutions division: MYOB AccountantsOffice and MYOB AccountantsEnterprise. Figure 3.19 summarises the current Practice Solutions product offering:

Figure 3.19: Overview of MYOB's current Practice Solutions products

MYOB AccountantsOffice	MYOB AccountantsEnterprise
Desktop only	**Desktop only**
• An integrated suite of software applications including client accounting, practice management, tax management and document management software • Developed for single partner accounting practices • Sold in standardised configuration	• A customisable solution including client accounting, practice management, tax management and document management software • Developed for specialised and multiple partner accounting practices • Allows workflows incorporating controls around user management, approvals and security

New cloud solution: MYOB AccountantsOffice Live and MYOB AccountantsEnterprise Live

MYOB is developing cloud Practice Software solutions to be known as "MYOB AccountantsOffice Live" and "MYOB AccountantsEnterprise Live", with launch and commencement of rollout targeted in 2015. These solutions are expected to include:

- a client portal that enables accountants to collaborate with their clients, which can be done through the user's mobile device. The client portal will deliver significant benefits in online collaboration to make business life easier for accountants and their clients including sharing, reviewing and affixing electronic signatures to documents;
- a tax management application which utilises the Australian Taxation Office's new Standard Business Reporting lodgement technology;
- a practice management application; and
- an online ledger.

3.5.2.2 Primary sales channels

MYOB sells Practice Software to accountants exclusively through a direct sales force. MYOB believes that accountants' sophisticated software requirements make direct sales by a specialised sales force the most appropriate channel to market the products.

3.5.3 Enterprise Solutions

The Enterprise Solutions division provides integrated ERP and HRM software solutions focusing on Tier 2 and 3 Enterprises in Australia and New Zealand. Traditionally, MYOB's Enterprise Solutions division has targeted the Tier 3 Enterprise ERP segment of this market. More recently, the division has expanded its ERP software solutions to include Tier 2 Enterprises, and introduced HRM software solutions for both Tier 2 and 3 Enterprises.

The Enterprise Solutions division represented 13% of MYOB's pro forma revenue in FY2014, 80% of which was Recurring Revenue.

3.5.3.1 Product offering

The products offered by the Enterprise Solutions division cover financial and business management systems and payroll and human resources administration systems. MYOB's products are divided into MYOB Advanced Business (its cloud ERP solution launched in January 2015), MYOB EXO (its traditional desktop ERP and HRM offering) and MYOB PayGlobal. Figure 3.20 summarises Enterprise Solutions current product offering:

Figure 3.20: Overview of MYOB's current Enterprise Solutions products

MYOB Advanced Business	MYOB Exo Business	MYOB Exo Employer Services	MYOB PayGlobal
Cloud only	Desktop only	Desktop only	Cloud only
ERP software product for Tier 2 and 3 Enterprises	**ERP software product for Tier 3 Enterprises**	**HRM software product for Tier 3 Enterprises**	**HRM software product for Tier 2 and 3 Enterprises**
• A fully customisable ERP system including finance, warehouse, CRM and project accounting • Cloud solution providing access anywhere, anytime • Includes a comprehensive API and development framework which allows partners to tailor the solution to their clients' requirements	• Full featured and customisable ERP system including finance, warehouse, CRM, job costing and Exo OnTheGo mobile applications	• An integrated suite used to manage employee administration including payroll, human resources, time and attendance	• MYOB acquired PayGlobal in August 2014 • Provides solutions to approximately 500 companies in Australia and New Zealand

New cloud solution: MYOB Advanced People

MYOB is currently developing an HRM cloud software solution, MYOB Advanced People, designed to provide an integrated payroll and human resources information system solution for Tier 2 and 3 Enterprises, targeted to be released in early 2016. The MYOB Advanced People cloud solution will provide larger businesses a solution to manage their human resources functions such as the administration of payroll, employee leave and payslip generation. Over time, MYOB will look to migrate clients from the desktop-based PayGlobal product to the MYOB Advanced People cloud solution.

3.5.3.2 Primary sales channels

MYOB's Enterprise Solutions products (other than MYOB PayGlobal) are marketed through channel partners which are typically mid sized IT consulting firms that specialise in MYOB Enterprise Software products and are able to customise the product as required by each user. The sales and marketing strategy of the Enterprise Solutions division is to generate customer leads through brand awareness and recommendation of its products among Tier 2 and 3 Enterprises and to recruit the best business partners that can convert those leads into sales.

The primary sales and marketing channel for MYOB PayGlobal is via a direct sales force.

3.6 Growth strategies

MYOB's strategy is to continue its focus on being a leading provider of cloud enabled business management software solutions in Australia and New Zealand. MYOB will seek to maximise the benefits of cloud solutions to generate greater penetration and usage of cloud products and grow customer lifetime value and average revenue per Paying User. The Company is also positioned to explore additional growth opportunities through Connected Services, as well as potential consolidation opportunities in the Enterprise Solutions market.

MYOB's current growth strategies for each of its divisions are described below.

3.6.1 SME Solutions growth strategies

Key strategies to drive growth of the SME Solutions division include:

- **promoting adoption of SME Solutions cloud products:** MYOB will seek to drive growth in the number of cloud users in Australia and New Zealand, capture greater market share, and increase customer lifetime value through:
  - **growing accountant and bookkeeper recommendations:** MYOB will continue to focus on growing accountant and bookkeeper recommendations by directed marketing and educational efforts for accountants and bookkeepers who play an important role in driving SME Solution product adoption;
  - **differentiating product features versus those of its peers:** MYOB believes that a superior product offering will facilitate growth in cloud users. Accordingly, it intends to continue to develop leading features which assist to distinguish its products from those of its peers, such as the recent smart bills feature added to MYOB Essentials and MYOB AccountRight; and
  - **continuing to invest in its cloud solutions:** MYOB will continue to invest in cloud solutions innovation in the future to help it offer a leading product. MYOB's product development priorities in 2015 include enhanced bank feeds, smart bills, enhanced mobile applications, data prefill for transactions, electronic lodgement of forms, B2B invoicing and payments innovations; and
- **increase average revenue per Paying User:** MYOB intends to drive growth in average revenue per Paying User through percentage price increases in line with historical experience (which have been in the mid-single digit percentages) as a result of increased product functionality.

3.6.2 Practice Solutions growth strategies

Key strategies to drive growth of the Practice Solutions division include:

- **release MYOB AccountantsOffice Live and MYOB AccountantsEnterprise Live:** MYOB plans to increase its brand recognition and market share in the Practice Software Market in Australia and New Zealand through the introduction of its cloud-based Practice Software solutions, MYOB AccountantsOffice Live and MYOB AccountantsEnterprise Live, which are targeted for launch and commencement of rollout in 2015. MYOB believes that there are opportunities to do so as 35% of accountants responding in the December 2014 Surveys indicated that they were likely to switch their main Practice Software solution within the next two to five years. Approximately 75% of these accountants which stated that they were likely to switch solutions identified a cloud solution as their preferred solution type, and approximately 80% of those accountants indicated that they see MYOB as their preferred online brand;
- **enhance integration between accountants and SMEs:** MYOB will continue to enhance integration between the data and processes of SME Solutions and Practice Solutions products to drive growth in the Practice Solutions division. This is expected to be further supported by the release of MYOB's cloud practice suite referred to above, allowing further connectivity between the SME Solutions and Practice Solutions products; and
- **continue to focus on product innovation:** MYOB will continue to invest in R&D, particularly to develop new cloud solutions, to drive further growth in the division. Examples of recent innovation include the release of an 'On The Go' mobile application. Innovations currently under development include the client portal and online ledgers.

3.6.3 Enterprise Solutions growth strategies

Key strategies to drive growth in the Enterprise Solutions division include:

- **continue to promote MYOB Advanced Business:** MYOB Advanced Business, launched by MYOB in January 2015, is one of only a few ERP cloud solutions designed primarily for Tier 2 and 3 Enterprises in Australia and New Zealand;
- **continue to focus on product innovation:** MYOB will continue to invest in R&D, particularly to develop new cloud solutions, to drive further growth in the division. Examples of recent innovations include the development of CRM and mobile applications for MYOB EXO and the development of MYOB Advanced Business;

- **expand Tier 2 Enterprise user base:** MYOB will also seek growth in the Enterprise Solutions division through a continued expansion into the Tier 2 Enterprise space. Continual product development is expected to enable MYOB to broaden its presence in this market; and
- **identifying acquisition opportunities:** the Tier 2 and 3 Enterprise ERP and HRM Software Markets are currently fragmented and opportunities to acquire small competitors may occur. MYOB's acquisition of PayGlobal is an example of MYOB's ability to integrate strategic acquisitions. MYOB may seek further acquisitions in this market, particularly where opportunities are expected to increase market reach, enhance product functionality or enhance operational scale.

3.6.4 Other growth strategies and opportunities

Other additional strategies for growth which MYOB intends to pursue include:

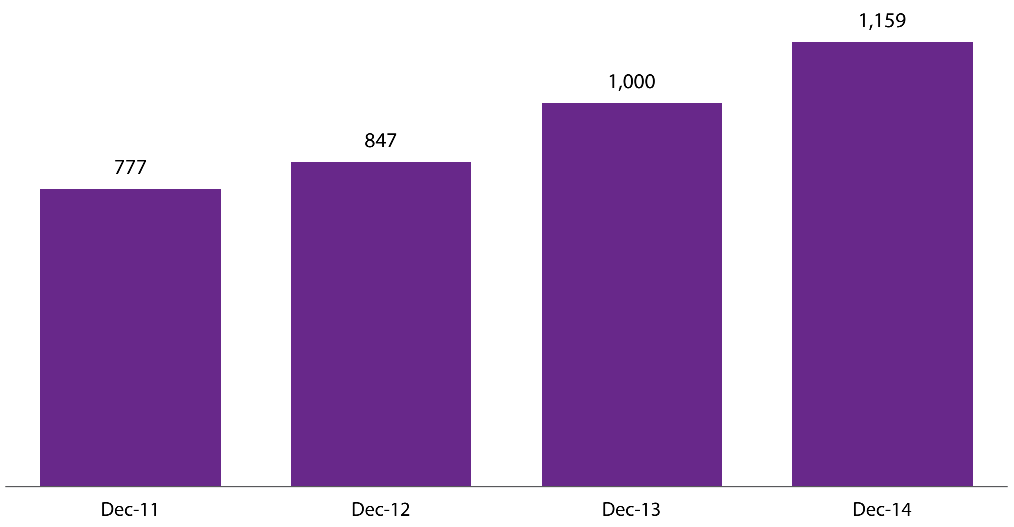
- **seeking to grow Connected Services:** the increasing number of cloud users has created opportunities for potential revenue growth through Connected Services. MYOB believes that there is a significant opportunity to grow sales of Connected Services, for example in the areas of:
  - **invoicing, payments and debtor management:** integrated invoicing, payments and debtor management solutions to help SMEs manage cash flows and reduce manual processing;
  - **data analysis:** analysis of aggregated data and provision of advice to clients on ways to improve their business management or recommend add-on products of interest and value (e.g. SME insurance and lending);
  - **additional services:** MYOB believes there are also other opportunities to develop and offer additional services to SMEs that address existing business issues (including reaching new customers or reducing the cost of major categories of expenditure); and
- **identifying other growth opportunities:** this could include acquisition or partnership opportunities in its SME Solutions and Practice Solutions divisions which enable MYOB to enter new product markets, increase scale in an existing market, and acquire products, technology and/or a customer base. As a recent example, MYOB concluded a transaction on 14 April 2015 with OnDeck Capital, Inc., a US based supplier of unsecured loans to SMEs. OnDeck Capital, Inc. will set up an Australian company, OnDeck Capital Australia Pty Ltd ("**OnDeck Australia**") to offer similar services to Australian businesses. MYOB will hold 30% of OnDeck Australia. OnDeck Capital, Inc. will hold 55%, with the remaining 15% being held by other investors.

3.7 Further information on MYOB's operations

3.7.1 Employees

As at December 2014, MYOB had more than 1,100 FTEs located primarily in Melbourne, Sydney, Christchurch and Auckland. MYOB had 401 employees within its SME Solutions division, 208 employees within its Practice Solutions division and 110 employees within its Enterprise Solutions division. The remaining employees included engineering & experience, group marketing and shared services employees. The number of FTEs has increased from 777 at December 2011.

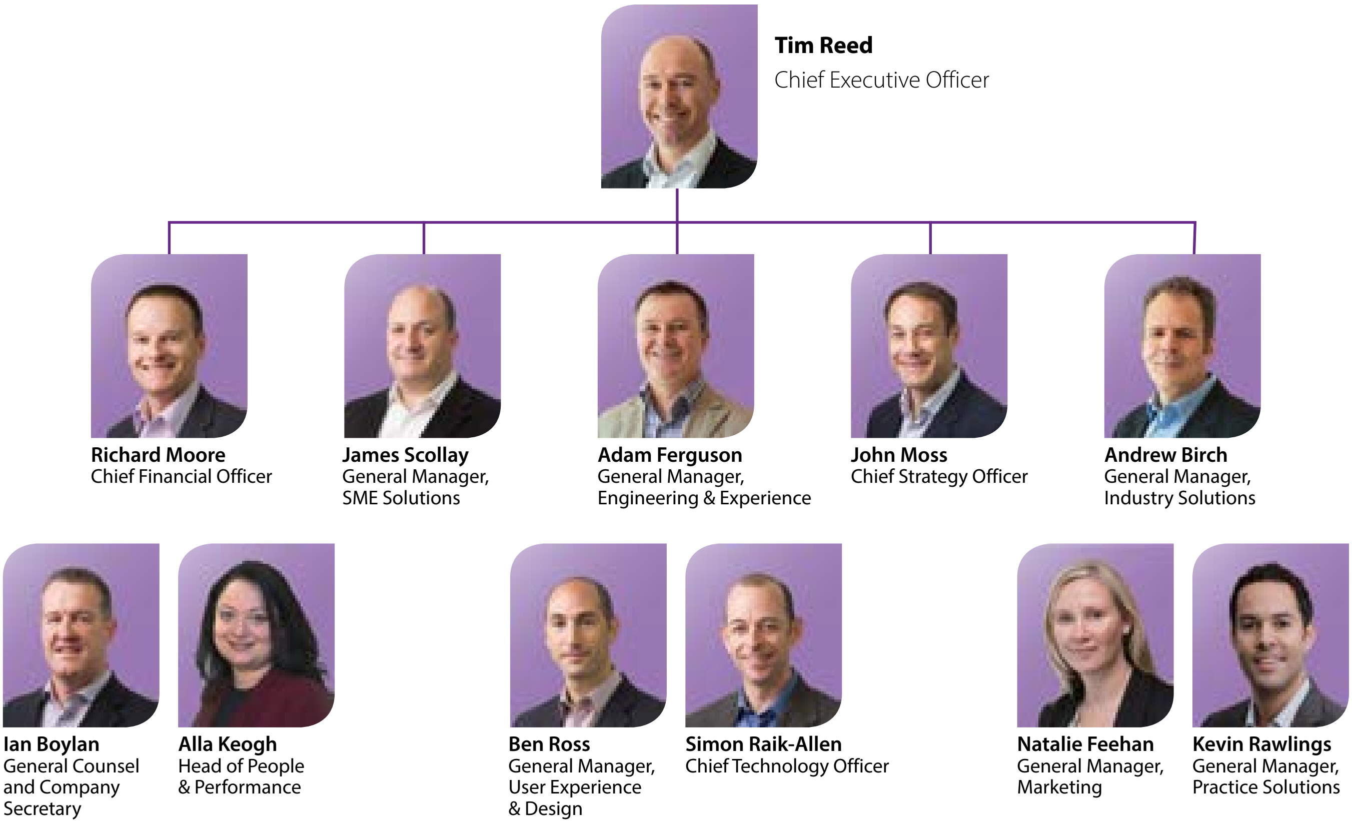
Figure 3.21: MYOB FTEs since December 2011



MYOB operates in a relatively stable labour market in Australia and New Zealand without significant disruptions to date due to industrial issues or disputes. MYOB does not have any collective bargaining agreements in place. All of its employees are on individual contracts, and Australian employees are covered by the Professional Employees Award and the Clerks & Private Sector Award (2010).

Figure 3.22 sets out MYOB's senior management structure:

Figure 3.22: MYOB senior management structure



3.7.2 Product development strategy

MYOB has a single engineering team that consists of engineers, designers and product managers who conceive, design, develop and test the products that MYOB delivers to its clients. The engineering team uses a modern application development methodology that comprises highly interactive and rapid development cycles coupled with close customer feedback throughout the process.

3.7.3 IT

3.7.3.1 IT infrastructure

MYOB uses the services of Microsoft Azure, Macquarie Telecom, Amazon Web Services ("AWS") and Interactive to deliver its cloud products by hosting its online data. Data centres owned by Microsoft Azure, Macquarie Telecom and AWS and used by MYOB are located in Sydney, Singapore and the United States. Examples of the methods utilised by MYOB with its technology providers to ensure consistent delivery of its cloud products include:

- regular replication of data to separate facilities for disaster recovery;
- maintenance of local copies of databases within servers which are designed to automatically swap in on failure of the then acting primary database;
- maintenance of backup databases in a "master" and "slave" configuration, which means that if there is a site outage at one of the third party data centres, a backup data centre automatically takes the place of the primary data centre, with data in the "master" database replicated to offsite backup every 15 minutes;
- continuous monitoring of system status, with alerts which are sent via SMS and email to the MYOB operations team in the event of system failures; and
- formal support arrangements with, and system monitoring by, technology providers.

3.7.3.2 Risk management processes

MYOB's key technology risk mitigation tools include:

- **risk infrastructure:**
  - an Information Security Steering Committee ("**ISSC**") comprised of four members, which is chaired by the General Counsel and reports to the CEO. The ISSC is responsible for ensuring compliance with information security policies and procedures, recommending risk mitigation strategies and operational oversight of risk practices;
  - an Information Security Manager who reports to the ISSC and initiates and coordinates ongoing risk assessment and evaluates all new risks; and
  - incident response teams for each product who respond to issues when they occur;
- **industry standards:** MYOB follows the ISO 31000 Risk Management Standard. MYOB also complies with the Payment Card Industry Data Security Standards for the handling of credit card data; and
- **monitoring and testing:** MYOB maintains continuous monitoring and activity logging on its primary systems. Systems are tested by external security vendors during development and post deployment. MYOB also subscribes to third party data centre and security industry alert services to keep abreast of relevant threats, vulnerabilities or actual incidents.

3.7.3.3 Data protection and cyber security

Information technology security and data protection are critical to building and maintaining MYOB's cloud user base. MYOB employs a multi faceted approach to security and works with leading security vendors. Features and processes that are used to enhance data protection and cyber security include:

- **external testing:** testing is conducted by external security vendors during and after development on MYOB's primary cloud products;
- **secure development:** MYOB's developers receive training in security aware coding techniques based on industry best practice, such as the Open Web Application Security Project, which is a global not for profit organisation focused on improving the security of software;
- **security training:** MYOB mandates annual training for all staff on security processes, appropriate business controls, and correct use of information systems and facilities;
- **anti virus and patching:** anti virus updates are installed automatically on all staff computers as soon as they are made available. Operating system patches are reviewed monthly for installation by IT staff, unless they are critical updates in which case they are reviewed daily;
- **firewalls and monitoring:** MYOB deploys Cisco ASA and Palo Alto firewalls on its internal systems. Firewall rules are continually updated and independently audited where required. Firewall logs are reviewed by system administrators for suspicious behaviour; and
- **leading platform vendors:** MYOB partners with leading platform vendors who provide services such as denial of service monitoring, physical security, server and power redundancy and built-in firewalls to support cloud-based systems.

3.7.3.4 Security around bank feeds and payments

Due to the sensitive nature of the customer data that MYOB's systems collect and the critical functions that MYOB's systems carry out on behalf of users, safeguards and resilience measures have been implemented which are designed to protect its users' credit card and banking data and facilitate the continued availability of MYOB's products. These measures include:

- a three tier network architecture that has been specifically designed for security around bank feeds and payments that creates additional security layers between external and internal systems;
- network hardware, such as load balancers and switches, which have been duplicated to provide redundancy in case of failure;
- a final data access layer that is protected by an additional set of firewalls from an alternate vendor;
- systems which are monitored for issues via internal services as well as from external services, with email and SMS alerts sent if an issue is detected to a group of on-call engineers; and
- quarterly network scans which are performed using industry best practice security scanning tools.

3.7.4 Intellectual property

MYOB's key intellectual property includes the source code of products developed by it and the processes and technology for delivering those products to market. MYOB licenses and uses a large volume of third party technology in connection with the delivery of its products to users.

MYOB has the following procedures in place which are designed to protect its intellectual property:

- **copyright:** MYOB asserts copyright on software created by MYOB employees;
- **terms and conditions of employment:** MYOB requires its permanent, fixed term and casual employees to sign contracts that contain appropriate provisions relating to the non-use and non-disclosure of confidential information and the granting and affirming of ownership rights in intellectual property used and created by such employees while at MYOB;
- **contractors and consultants:** MYOB requires contractors and consultants to sign standard agreements that contain provisions relating to the non use and non disclosure of confidential information and the acknowledgement of ownership of intellectual property by MYOB;
- **trademark monitoring:** MYOB seeks to protect its trademarks by, among other things, employing a service that identifies third parties applying to register trademarks which are identical or similar to MYOB's trademarks; and
- **trademarks and domain searches:** MYOB also seeks to protect its trademarks by utilising external counsel to conduct pre registration trademark searches to ensure that appropriate registrations of new trademarks and domains can be secured and to reduce the possibility of a potential conflict with third party intellectual property rights.

4

Financial Information

4 Financial Information

4.1 Introduction

4.1.1 Background on historical reporting structure

MYOB holds 100% of the shares in MYOB Holdings Pty Limited. Since November 2012, annual and half yearly financial reports have been lodged by MYOB Holdings Pty Limited with ASX that consolidate the financial performance, financial position and cash flows of MYOB Holdings Pty Limited and its subsidiaries including MYOB Finance Australia Limited as issuer of five year subordinated notes ("**Existing Retail Notes**") currently quoted on ASX.

The Statutory Historical Financial Information (as defined below) included in this Prospectus consolidates the financial performance, financial position and cash flows of MYOB and its subsidiaries, which accordingly includes MYOB Holdings Pty Limited and its subsidiaries.

As such, the financial reports lodged by MYOB Holdings Pty Limited and the Statutory Historical Financial Information contained in this Section 4 are not directly comparable.

4.1.2 Overview of financial information

The financial information for MYOB contained in this Section 4 includes:

- statutory historical financial information for MYOB comprising:
  - statutory consolidated historical revenue and net profit after tax for the financial years ended FY2012, FY2013 and FY2014 ("**Statutory Historical Results**");
  - statutory consolidated historical net free cash flow before financing, tax and dividends for FY2012, FY2013 and FY2014 ("**Statutory Historical Cash Flows**"); and
  - statutory consolidated historical balance sheet as at 31 December 2014 ("**Statutory Historical Balance Sheet**"),

(together, the "**Statutory Historical Financial Information**");

- pro forma historical financial information for MYOB comprising:
  - pro forma consolidated historical income statements for FY2012, FY2013 and FY2014 ("**Pro Forma Historical Results**");
  - pro forma consolidated historical cash flow statements for FY2012, FY2013 and FY2014 ("**Pro Forma Historical Cash Flows**"); and
  - pro forma consolidated historical balance sheet as at 31 December 2014 ("**Pro Forma Historical Balance Sheet**"),

(together, the "**Pro Forma Historical Financial Information**");

(the Statutory Historical Financial Information and Pro Forma Historical Financial Information together, the "**Historical Financial Information**"); and

- forecast financial information for MYOB comprising:
  - pro forma consolidated forecast income statements for the 12 months ending 30 June 2015 ("**12 month June-15**"), the financial year ending 31 December 2015 ("**FY2015**"), the 12 months ending 30 June 2016 ("**12 month June-16**") and the half years ending 30 June 2015 ("**1H2015**") and 30 June 2016 ("**1H2016**") ("**Pro Forma Forecast Results**"); and
  - pro forma consolidated forecast cash flow statements for 12 month June-15, FY2015, 12 month June-16, 1H2015 and 1H2016 ("**Pro Forma Forecast Cash Flows**"),

(together, the "**Pro Forma Forecast Financial Information**");

  - statutory consolidated forecast income statements for FY2015, 1H2015 and 1H2016 ("**Statutory Forecast Results**"); and
  - statutory consolidated forecast cash flow statements for FY2015, 1H2015 and 1H2016 ("**Statutory Forecast Cash Flows**"),

(together, the "**Statutory Forecast Financial Information**"); and

  - consolidated forecast income statements for 12 month June-15 and 12 month June-16 ("**12 month June Forecast Results**"); and
  - consolidated forecast net free cash flow before financing, tax and dividends for 12 month June-15 and 12 month June-16 ("**12 month June Forecast Cash Flows**"),

(together the "**12 month June Forecast Financial Information**")

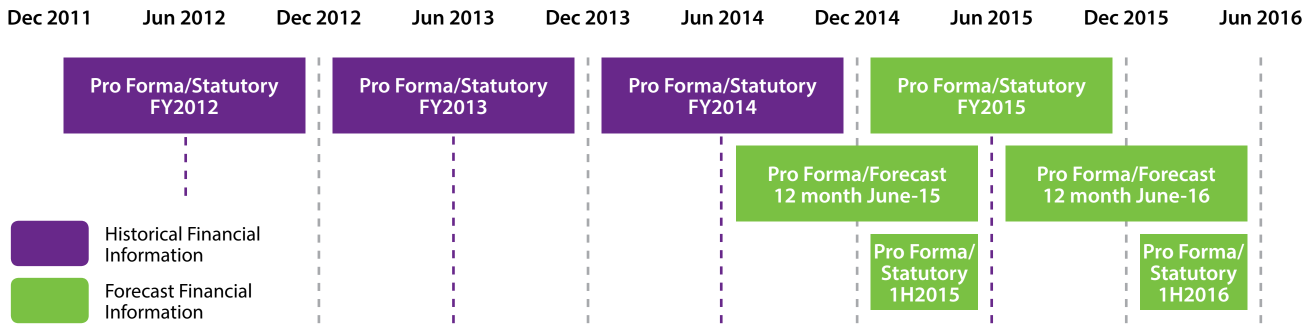
(the Pro Forma Forecast Financial Information, Statutory Forecast Financial Information and 12 month June Forecast Financial Information together, the "**Forecast Financial Information**").

The Historical Financial Information and Forecast Financial Information together, are referenced as the "**Financial Information**" in this Prospectus.

MYOB has a 31 December financial year and the Financial Information has been presented on this basis. In addition to the FY2015 forecast financial information, the Company has also included a forecast for 12 month June-16 and a comparison forecast for 12 month June-15. This financial information is provided on a pro forma basis. The FY2015 period is also provided on a statutory basis, whereas the 12 month June-15 and 12 month June-16 periods are also provided on a "forecast" basis (and are not referred to as "statutory" since the Company does not prepare annual statutory accounts for 12 month periods ending 30 June).

The 12 month June-16 period was included in order to present forecast financial information for MYOB for a full 12 month period following the Prospectus Date. The 12 month June-15 forecast was also included to provide comparative information for the 12 month June-16 period and illustrate annual growth rates that are expected to be achieved in the 12 month June-16 period.

Figure 4.1: Overview of the income statement and cash flow disclosures contained in this Section 4



Also summarised in this Section 4 are:

- the basis of preparation and presentation of the Financial Information (refer to Section 4.2);
- details of MYOB's indebtedness and capitalisation (refer to Section 4.5.2) and a description of the New Banking Facilities (refer to Section 4.5.3);
- management's discussion and analysis of the Pro Forma Historical Financial Information (refer to Section 4.6);
- the specific and general assumptions underlying the Forecast Financial Information (refer to Section 4.7);
- management's discussion of assumptions relating to the Pro Forma Forecast Financial Information (refer to Section 4.8);
- an analysis of the sensitivity of the pro forma NPATA for FY2015 and 12 month June-16 to changes in certain key assumptions (refer to Section 4.9); and
- the Company's proposed dividend policy (refer to Section 4.10).

All amounts disclosed in this Section 4 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $100,000.

4.2 Basis of preparation and presentation of the Financial Information

4.2.1 Overview

The statutory consolidated historical financial statements of MYOB for FY2012, FY2013 and FY2014 have been audited by PricewaterhouseCoopers ("**PwC**"). PwC has issued unqualified opinions in respect of all these periods. These financial statements are available at www.myob.com.au/myob/investors.

The Historical Financial Information has been prepared and presented in accordance with the measurement and recognition principles of Australian Accounting Standards ("**AAS**") (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board ("**AASB**"), which are consistent with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board.

This Prospectus includes Forecast Financial Information based on the specific and general assumptions of MYOB. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Company's key accounting policies have been consistently applied throughout the financial periods presented and are set out in Appendix B. The Historical Financial Information presented in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

The Historical Financial Information has been reviewed and reported on by PricewaterhouseCoopers Securities Ltd ("**PwCS**") as set out in the Independent Limited Assurance Report on Historical Financial Information set out in Section 8. Further, the Forecast Financial Information has been reviewed and reported on by PwCS as set out in the Independent Limited Assurance Report on Forecast Financial Information set out in Section 9. Investors should note the scope and limitations of the Independent Limited Assurance Reports (refer to Sections 8 and 9).

4.2.2 Segment reporting

The reportable segments for the Company are described in Section 3.

In accordance with AASB 8 Operating Segments, and as reported in its audited consolidated financial statements for FY2014, MYOB's revenue is reported in three segments: SME Solutions, Practice Solutions and Enterprise Solutions. MYOB also reports an additional expense category titled Corporate, which consists of all group marketing, product development and shared services expenses, without any reported revenue.

MYOB currently operates in one business activity, being the sale of business management software solutions to users in Australia and New Zealand. Each operating segment earns revenue and incurs expenses in connection with this business activity.

4.2.3 Preparation of the Historical Financial Information

The Statutory Historical Financial Information has been extracted from the audited statutory consolidated financial statements of MYOB for FY2012, FY2013 and FY2014 as described in Appendix A.

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Results and Pro Forma Historical Cash Flows have been derived from the Statutory Historical Financial Information, with pro forma adjustments being made to reflect the impact of historical acquisitions and divestments, to reflect MYOB's operating and capital structure following Completion, to eliminate certain non-recurring items and to reflect standalone public company costs.

The Pro Forma Historical Balance Sheet is based on the audited consolidated financial statements of MYOB at 31 December 2014 and is adjusted to reflect the impact of the Offer and the New Banking Facilities as described in Section 4.5.3.

The Historical Financial Information included in the Prospectus has been reviewed, but not audited, by PwCS. Investors should note the scope and limitations of the Independent Limited Assurance Report on Historical Financial Information (refer to Section 8).

Refer to Section 4.3.3 for a reconciliation between the Statutory Historical Results and the Pro Forma Historical Results, to Section 4.4.2 for a reconciliation between the Statutory Historical Cash Flows and the Pro Forma Historical Cash Flows and to Section 4.5.1 for a reconciliation between the Statutory Historical Balance Sheet and the Pro Forma Historical Balance Sheet.

Investors should note that past results are not a guarantee of future performance.

4.2.4 Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus. The Forecast Financial Information is presented on both a pro forma and statutory basis for FY2015, 1H2015 and 1H2016, and on a pro forma and forecast basis for 12 month June-15 and 12 month June-16 (since the Company will not prepare statutory accounts for those periods as referred to in Section 4.1.2). Both the 12 month June-15 Forecast Results and 12 month June-15 Forecast Cash Flows are based on unaudited actual results for the six months to 31 December 2014 and MYOB's specific and general assumptions for the six months to 30 June 2015. Forecast Financial Information for the period from 1 January 2015 to 30 June 2016 is based on MYOB's specific and general assumptions for that period, as set out in Section 4.7.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information and the 12 month June Forecast Financial Information, after adjusting for pro forma transactions adjustments to reflect MYOB's operating and capital structure following Completion, to eliminate certain non-recurring items and to reflect standalone public company costs. The Statutory Forecast Financial Information consists of MYOB's specific and general assumptions for the 12 months to 31 December 2015 and the half years ending 30 June 2015 and 30 June 2016. The 12 month June Forecast Financial Information consists of MYOB's specific and general assumptions for the 12 months to 30 June 2015 and the 12 months to 30 June 2016.

The Forecast Financial Information has been prepared by MYOB based on an assessment of current economic and operating conditions, and on the specific and general assumptions regarding future events and actions as set out in Sections 4.7 and 4.8. The Forecast Financial Information is subject to the risks set out in Section 5. The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information presented in the Prospectus has been reviewed by PwCS but has not been audited. Investors should note the scope and limitations of the Independent Limited Assurance Report on Forecast Financial Information (refer to Section 9).

MYOB believes the specific and general assumptions, when taken as a whole, to be reasonable at the time of preparing the Original Prospectus. However, the information is not fact, and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and that this may have a material positive or negative effect on MYOB's actual financial performance, cash flows or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of the Company, the Directors and management, and are not reliably predictable. Accordingly, none of the Company and its Directors and management or any other person can give investors any assurance that the outcomes disclosed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

The Forecast Financial Information should be read in conjunction with the specific assumptions set out in Section 4.7.1, the general assumptions set out in Section 4.7.2, the sensitivity analysis set out in Section 4.9, the risk factors as set out in Section 5 and other information in this Prospectus.

MYOB has no intention to update or revise the Forecast Financial Information or other forward looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

For the purpose of this Section 4, an indicative Final Price of $3.50 per Share (assumed to be the mid-point of the Indicative Price Range) has been used in calculations.

4.2.5 Explanation of certain non-IFRS financial measures

MYOB uses certain measures to manage and report on its business that are not recognised under AAS. These measures are collectively referred in this Section 4 as "non-IFRS financial measures" under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **Recurring Revenue** is the revenue received from Paying Users, comprising subscription and maintenance payments, and does not include any revenue received from payments for one-off perpetual licences;
- **ARPU** is the average revenue per Paying User, calculated as Recurring Revenue for the period divided by average number of Paying Users for the period;
- **EBITDA** is earnings before interest, tax, depreciation and amortisation.

  Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are significantly affected by the capital structure and historical tax position of MYOB.

  MYOB also presents EBITDA margin which is EBITDA divided by revenue, expressed as a percentage. EBITDA margin is a measure that management uses to evaluate the profitability of the overall business.

  Because it does not include the non-cash charges for depreciation and amortisation, EBITDA can be useful to help understand the cash generation potential of the business. However, MYOB believes that it should not be considered as an alternative to net free cash flow from operations and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of MYOB's results of operations;
- **EBITA** is earnings before interest, tax and amortisation related to acquired intangibles. MYOB's amortisation expense relating to capitalised internally developed software is integral to the ongoing operating performance of the business and accordingly is included in this measurement of earnings;
- **EBIT** is earnings before interest and tax;
- **NPATA** is net profit after tax and after adding back the tax effected amortisation expense related to acquired intangibles.

  MYOB considers NPATA to be a meaningful measure of after tax profit due to the large amount of non-cash amortisation of acquired intangibles that is reflected in NPAT. The tax effected amortisation expense relating to capitalised internally developed software is integral to the ongoing operating performance of the business and accordingly is not added back.

  MYOB also presents NPATA margin which is NPATA divided by revenue, expressed as a percentage. NPATA margin is a measure that management uses to evaluate the profitability of the overall business;
- **working capital** is trade and other receivables, inventories and other current assets less trade and other payables, provisions and deferred (unearned) revenue;
- **capital expenditure** is a combination of capitalised product development costs and other costs primarily related to property, plant and equipment. Capitalised product development costs are related to significant enhancements to new products that have not been released in the market and have not generated any revenue, and the development associated with MYOB's internal CRM systems;
- **operating free cash flow** is EBITDA less non-cash items in EBITDA (such as non-cash foreign exchange gains and losses, share-based payment expenses and the gifting of shares) and changes in working capital;
- **net free cash flow** is operating free cash flow less capital expenditure; and
- **net debt** is interest bearing loans and borrowings (before capitalised borrowing costs) net of cash and cash equivalents.

Certain financial data included in Section 4.3.2 is also non-IFRS financial information.

Although MYOB believes that these measures provide useful information about the financial performance of MYOB, they should be considered as supplements to the income statement measures that have been presented in accordance with the AAS and not as a replacement for them. Because these non-IFRS financial measures are not based on AAS, they do not have standard definitions, and the way MYOB calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

4.3 Consolidated pro forma historical and forecast income statements

4.3.1 Overview

Figure 4.2 sets out the Pro Forma Historical Results for FY2012, FY2013 and FY2014 and Pro Forma Forecast Results for FY2015, 12 month June-15 and 12 month June-16, and the Statutory Forecast Results for FY2015. The 12 month June-15 and 12 month June-16 periods are not financial years of MYOB and accordingly the Company will not prepare statutory accounts for these periods. The forecast results for these periods are presented in Section 4.3.4. FY2015 should be compared with FY2014 and 12 month June-16 should be compared with 12 month June-15, to avoid comparing overlapping periods.

Figure 4.2: Pro Forma Historical Results for FY2012, FY2013 and FY2014, Pro Forma Forecast Results for FY2015, 12 month June-15 and 12 month June-16, and Statutory Forecast Results for FY2015

		Pro Forma Historical Results			Pro Forma Forecast Results			Statutory Forecast Results
$ millions	Notes	FY2012	FY2013	FY2014	FY2015	12 mnth June-15	12 mnth June-16	FY2015
Revenue								
SME Solutions		150.4	161.4	180.4	201.4	190.2	214.0	201.4
Practice Solutions		74.4	77.1	79.4	82.6	80.2	83.4	82.6
Enterprise Solutions		33.5	37.0	39.5	39.0	38.4	39.0	39.0
Total revenue		**258.3**	**275.5**	**299.3**	**323.0**	**308.8**	**336.4**	**323.0**
COGS		(16.7)	(19.5)	(21.4)	(23.8)	(22.3)	(24.8)	(23.8)
Staff related expenses		(94.1)	(101.8)	(110.9)	(111.7)	(111.8)	(113.3)	(117.3)
Marketing expenses		(9.5)	(9.0)	(8.4)	(8.5)	(8.5)	(8.7)	(10.8)
General office/administration expenses	1	(26.7)	(25.9)	(30.1)	(28.4)	(29.8)	(28.9)	(45.7)
Total operating expenses		**(147.0)**	**(156.2)**	**(170.8)**	**(172.4)**	**(172.4)**	**(175.7)**	**(197.6)**
EBITDA		**111.3**	**119.3**	**128.5**	**150.6**	**136.4**	**160.7**	**125.4**
Depreciation	3	(3.6)	(3.9)	(3.9)	(4.9)	(4.8)	(4.9)	(4.9)
Amortisation of capitalised internally developed software	2	(4.5)	(5.6)	(6.5)	(8.0)	(7.3)	(9.7)	(8.0)
EBITA		**103.2**	**109.8**	**118.1**	**137.7**	**124.3**	**146.1**	**112.5**
Amortisation of acquired intangibles	3	(64.6)	(61.4)	(60.1)	(56.3)	(58.4)	(54.6)	(56.3)
EBIT		**38.6**	**48.4**	**58.0**	**81.4**	**65.9**	**91.5**	**56.2**
Net interest expense	4	(19.0)	(17.0)	(17.8)	(16.6)	(17.4)	(16.3)	(118.8)
PBT		**19.6**	**31.4**	**40.2**	**64.8**	**48.5**	**75.2**	**(62.6)**
Tax (expense)/benefit		(5.8)	(9.6)	(12.2)	(19.4)	(14.6)	(22.7)	18.7
NPAT		**13.8**	**21.8**	**28.0**	**45.4**	**33.9**	**52.5**	**(43.9)**
Amortisation of acquired intangibles (after tax)	5	45.2	43.0	42.1	39.4	40.9	38.2	39.4
NPATA		**59.0**	**64.8**	**70.1**	**84.8**	**74.8**	**90.7**	**(4.5)**

Notes:

1. The FY2015 Statutory Forecast Results include additional one-off estimated expenses associated with the Offer of $0.3 million and other transaction costs not directly attributable to the Offer of $19.4 million, which are not included in the FY2015 Pro Forma Forecast Results.
2. Amortisation of capitalised internally developed software increases in the forecast period due to the commencement of amortisation of the capitalised product development costs of Practice Solutions and Enterprise Solutions cloud products.
3. The Pro Forma Historical Results reflect the full year amortisation of acquired intangibles and the full year depreciation of acquired property, plant and equipment relating to BankLink and PayGlobal, after reversing the amortisation of a one-off payment in FY2012 for the exclusive rights to BankLink bank feeds for MYOB SME products, undertaken prior to the acquisition of BankLink. It also includes depreciation charges on forecast CRM development and infrastructure capital expenditure.
4. Net interest in the FY2015 Statutory Forecast Results includes estimated interest costs and the write-off of unamortised borrowing costs and break costs relating to the historical debt structure of MYOB that will be refinanced in part by proceeds of the Offer and in part by the New Banking Facilities. Net interest expense for the period following Completion is based on the New Banking Facilities.
5. Only the non-cash amortisation of acquired intangibles (tax effected at an assumed 30% corporate tax rate) is added back in deriving NPATA. The tax effected amortisation expense relating to capitalised internally developed software is integral to the ongoing operating performance of the business and accordingly is not added back.

Figure 4.3 sets out the Pro Forma Forecast Results and Statutory Forecast Results for 1H2015 and 1H2016.

Figure 4.3: Pro Forma Forecast Results and Statutory Forecast Results for 1H2015 and 1H2016

		Pro Forma Forecast Results		Statutory Forecast Results	
$ millions	**Notes**	**6 mnth 1H2015**	**6 mnth 1H2016**	**6 mnth 1H2015**	**6 mnth 1H2016**
Revenue					
SME Solutions		97.8	110.4	97.8	110.4
Practice Solutions		41.3	42.1	41.3	42.1
Enterprise Solutions		19.2	19.2	19.2	19.2
Total revenue		**158.3**	**171.7**	**158.3**	**171.7**
COGS		(11.7)	(12.7)	(11.7)	(12.7)
Staff related expenses		(56.9)	(58.5)	(62.3)	(58.5)
Marketing expenses		(4.5)	(4.7)	(6.8)	(4.7)
General office/administration expenses	1	(14.4)	(14.9)	(31.7)	(14.9)
Total operating expenses		**(87.5)**	**(90.8)**	**(112.5)**	**(90.8)**
EBITDA		**70.8**	**80.9**	**45.8**	**80.9**
Depreciation		(2.5)	(2.5)	(2.5)	(2.5)
Amortisation of capitalised internally developed software	2	(4.0)	(5.7)	(4.0)	(5.7)
EBITA		**64.3**	**72.7**	**39.3**	**72.7**
Amortisation of acquired intangibles		(27.8)	(26.1)	(27.8)	(26.1)
EBIT		**36.5**	**46.6**	**11.5**	**46.6**
Net interest expense	3	(8.5)	(8.2)	(110.3)	(8.2)
PBT		**28.0**	**38.4**	**(98.8)**	**38.4**
Tax (expense)/benefit		(8.4)	(11.7)	29.5	(11.7)
NPAT		**19.6**	**26.7**	**(69.3)**	**26.7**
Amortisation of acquired intangibles (after tax)	4	19.4	18.2	19.4	18.2
NPATA		**39.0**	**44.9**	**(49.9)**	**44.9**

Notes:

1. The 1H2015 Statutory Forecast Results include one-off estimated expenses associated with the Offer of $0.3 million and other transaction costs not directly attributable to the Offer of $19.4 million, which are not included in the Pro Forma Forecast Results for that period.
2. Amortisation of capitalised internally developed software increases in the 1H2016 forecast period due to the commencement of amortisation of the capitalised product development costs of Practice Solutions and Enterprise Solutions cloud products.
3. Net interest in the 1H2015 Statutory Forecast Results includes estimated interest costs and the write-off of unamortised borrowing costs and break costs relating to the historical debt structure of MYOB that will be refinanced in part by proceeds of the Offer and in part by the New Banking Facilities. Net interest expense for the period following Completion is based on the New Banking Facilities.
4. Only the non-cash amortisation of acquired intangibles (tax effected at an assumed 30% corporate tax rate) is added back in deriving NPATA. The tax effected amortisation expense relating to capitalised internally developed software is integral to the ongoing operating performance of the business and accordingly is not added back.

4.3.2 Key operating metrics

Figure 4.4 sets out a summary of MYOB's key historical operating metrics for FY2012, FY2013 and FY2014 derived from the Pro Forma Historical Results, and the key pro forma forecast operating metrics for FY2015, 12 month June-15, 12 month June-16, 1H2015 and 1H2016.

Figure 4.4: Key historical operating metrics for FY2012, FY2013 and FY2014 and key pro forma forecast operating metrics for FY2015, 12 month June-15, 12 month June-16, 1H2015 and 1H2016

		Pro Forma Historical Results			Pro Forma Forecast Results				
	Notes	FY2012	FY2013	FY2014	FY2015	12 mnth June-15	12 mnth June-16	6 mnth 1H2015	6 mnth 1H2016
MYOB Group									
Pro forma revenue growth %			7%	9%	8%	7%	9%	6%	8%
Recurring Revenue as a % of total revenue	1	89%	92%	94%	95%	95%	96%	95%	98%
Pro forma EBITDA growth %			7%	8%	17%	8%	18%	12%	14%
Pro forma EBITDA margin % (EBITDA/total revenue)		43%	43%	43%	47%	44%	48%	45%	47%
Pro forma NPATA growth %			10%	8%	21%		21%		15%
Pro forma NPATA margin % (NPATA/total revenue)		23%	24%	23%	26%	24%	27%	25%	26%
Pro forma product development costs as a % of total revenue	2	12%	13%	15%	13%	14%	13%	14%	13%
SME Solutions									
Number of Paying Users ('000s)	3	403	452	505	545	526	571	526	571
Average user retention rate %	4	78%	81%	81%	78%	79%	79%	80%	81%
Average revenue per Paying User (ARPU) ($)		343	351	360	370	365	382	364	390
SME cloud registrations as a % of total new SME registrations	5	15%	40%	62%	83%	74%	91%	80%	96%
Pro forma revenue growth %			7%	12%	12%	11%	13%	11%	13%
Recurring Revenue as a % of SME Solutions pro forma revenue	1	89%	93%	95%	97%	97%	98%	96%	99%
Pro forma Contribution Margin % (EBITDA/total revenue)		70%	68%	68%	70%	69%	71%	69%	71%
Practice Solutions									
Pro forma revenue growth %			4%	3%	4%	2%	4%	2%	2%
Recurring Revenue as a % of Practice Solutions pro forma revenue	1	96%	96%	97%	98%	97%	98%	98%	99%
Pro forma Contribution Margin % (EBITDA/total revenue)		73%	72%	72%	71%	71%	71%	70%	70%
Enterprise Solutions									
Pro forma revenue growth %			10%	7%	(1)%	0%	2%	(5)%	0%
Recurring Revenue as a % of Enterprise Solutions pro forma revenue	1	76%	78%	79%	81%	81%	83%	81%	86%
Pro forma Contribution Margin % (EBITDA/total revenue)		30%	31%	39%	49%	45%	48%	48%	47%

Notes: Pro forma adjustments impacting Figure 4.4 are described in Section 4.3.3.

1. Recurring Revenue is the revenue received from Paying Users.
2. Product development costs include both costs that are capitalised and costs that are expensed through the income statement.
3. Paying Users comprise all cloud users and those desktop users that make additional maintenance payments (including MYOB BankLink users).
4. Retention rate refers to the proportion of Paying Users that continue to use a given MYOB product in a 12 month period.
5. The number of MYOB SME Solutions cloud registrations as a percentage of total MYOB SME Solutions registrations in a given period.

4.3.3 Pro forma adjustments to the Statutory Historical Results, Statutory Forecast Results and 12 month June Forecast Results

Figure 4.5 sets out the pro forma adjustments that have been made to MYOB's historical and forecast statutory revenue and NPAT results to reflect the impact of the operating and capital structure that will be in place following Completion as if it was in place as at 1 January 2012. In addition, certain other adjustments have been made to reflect the impact of historical acquisitions and divestments, to eliminate certain non-recurring items and to reflect standalone public company costs, which have been reflected in the historical and forecast periods. These adjustments are summarised below.

Figure 4.5: Pro forma adjustments to the Statutory Historical Results, Statutory Forecast Results and 12 month June Forecast Results

		Historical Results			Forecast Results				
$ millions	Notes	FY2012	FY2013	FY2014	FY2015	12 mnth June-15	12 mnth June-16	6 mnth 1H2015	6 mnth 1H2016
Statutory (or 12 month June Forecast) revenue		**217.6**	**246.6**	**287.3**	**323.0**	**306.0**	**336.4**	**158.3**	**171.7**
Impact of historical acquisitions and divestments	1	40.7	28.9	12.0	–	2.8	–	–	–
Pro forma revenue		**258.3**	**275.5**	**299.3**	**323.0**	**308.8**	**336.4**	**158.3**	**171.7**
Statutory (or 12 month June Forecast) NPAT		(52.7)	(55.1)	(71.6)	(43.9)	(111.3)	52.1	(69.3)	26.7
Impact of historical acquisitions and divestments	1	10.1	5.0	2.0	–	0.3	–	–	–
Offer transaction costs expensed	2	–	–	–	0.3	0.3	–	0.3	–
Public company costs	3	(2.0)	(2.0)	(2.0)	(0.7)	(1.7)	–	(0.7)	–
Net interest adjustment	4	87.0	100.3	120.7	102.3	169.9	0.5	101.8	–
Acquisition transaction and integration costs	5	6.0	4.8	6.3	2.0	5.8	–	2.0	–
Amortisation and depreciation	6	(9.6)	(5.9)	0.5	–	(0.1)	–	–	–
Offer related adjustments and other transaction costs	7	2.5	2.4	2.5	20.2	21.4	–	20.2	–
Business transformation one-off costs	8	1.0	1.9	4.9	1.0	3.3	–	1.0	–
Other non-recurring adjustments	9	0.1	1.0	4.1	2.3	4.7	–	2.3	–
Tax effect of pro forma adjustments	10	(28.6)	(30.6)	(39.4)	(38.1)	(58.7)	(0.1)	(38.0)	–
Pro forma adjustments		**66.5**	**76.9**	**99.6**	**89.3**	**145.2**	**0.4**	**88.9**	**–**
Pro forma NPAT		**13.8**	**21.8**	**28.0**	**45.4**	**33.9**	**52.5**	**19.6**	**26.7**

Notes:

1. Adjustment to reflect the revenues and earnings of BankLink and PayGlobal as if these acquisitions had been completed on 31 December 2011. The adjustments are based on actual historical information for BankLink and PayGlobal after allowing for certain one-off and non-recurring items. MYOB has also excluded from all periods the results of its wholly owned web hosting and domain name registration subsidiary , MYOB Australia E1 Pty Ltd ("**MYOB Australia E1**") which was sold on 31 July 2013. As a result, an adjustment has been made to the Statutory Historical Financial Information to remove the earnings and gain on sale of its 100% interest in MYOB Australia E1 in FY2012 and FY2013. This adjustment has been made as if the divestment had been completed on 31 December 2011. A pro forma adjustment has not been made in relation to the Company's purchase on 14 April 2015 of a 30% interest in OnDeck Australia as it was only incorporated on 19 January 2015 and the pro forma historical impact would not be material. MYOB intends to account for this interest as an investment held for sale and does not presently expect to receive dividends over the forecast period. MYOB does not expect the impact of the OnDeck investment on revenue or expenses for the forecast period to be material and no revenue or expenses in relation to OnDeck Australia have been taken into account in the preparation of the Forecast Financial Information.

2. Total expenses of the Offer are estimated at $30.1 million, of which $29.8 million (before tax) are directly attributable to the issue of new Shares by the Company and will be offset against equity raised in the Offer. The remaining $0.3 million (before tax) is expensed in the 1H2015 and FY2015 Statutory Forecast Results and 12 month June-15 Forecast Results and relates to the sale of existing Shares by the Selling Shareholders.
3. Reflects MYOB's estimate of the incremental annual costs that the Company will incur as a public entity. These costs include Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, Directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report costs.
4. MYOB's historical debt structure will be refinanced in part by proceeds of the Offer and in part by the New Banking Facilities. The net interest expense included in the Statutory Historical Results, 1H2015 and FY2015 Statutory Forecast Results and 12 month June-15 Forecast Results has been adjusted to reflect the anticipated gross debt leverage ratio of MYOB following Completion using base rates that prevailed, or are assumed to prevail, during the relevant periods, based on the Australian Financial Markets Association Bank Bill Reference Rate ("**BBSW**"), and margins under the terms of the New Banking Facilities following Completion. This adjustment takes into account interest revenue based on the anticipated net operating cash profile of MYOB following Completion using historical BBSW rates prevailing, or forecast BBSW rates assumed to prevail, in the relevant period. In addition an adjustment has been made to remove the impact of the write-off of unamortised borrowing costs and break costs in the Statutory Forecast Results and 12 month June-15 Forecast Results relating to the historical debt structure of MYOB.
5. An adjustment has been made to remove one-off transaction costs, redundancy and integration costs relating to the acquisition of MYOB by Bain Capital, and the acquisitions of BankLink and PayGlobal that were expensed in the Statutory Historical Results, 1H2015 and FY2015 Statutory Forecast Results and the 12 month June-15 Forecast Results.
6. Pro forma adjustment to include the full year amortisation of customer relationships, brands and commercialised software and the full year depreciation of property, plant and equipment acquired with BankLink and PayGlobal, after reversing the amortisation of a one-off payment in FY2012 for the exclusive rights to BankLink bank feeds for MYOB SME products, undertaken prior to the acquisition of BankLink.
7. Adjustment to remove the impact of one-off senior management cash bonuses of $2.5 million (before payroll tax) and the gifting of $0.5 million (before payroll tax) of Shares to Eligible Employees under the Employee Offer, which will be expensed in the 1H2015 and FY2015 Statutory Forecast Results and 12 month June-15 Forecast Results. Adjustment has also been made to remove one-off adviser fees of $3.4 million, to eliminate the impact of historical advisory services fees of $2.5 million per year historically and $0.8 million in FY2015 paid to Bain Capital which will not continue post Offer and to remove the cost of payments of $12.5 million to be made to Bain Capital on Completion in connection with the advisory services arrangements.
8. Adjustment to remove the impact of business transformation initiatives and costs including those relating to the closure of MYOB's Kuala Lumpur office in FY2014. It also includes non-recurring software development and product promotion costs of $0.9 million in FY2013 and $3.9 million in FY2014 which are expensed in the FY2013 and FY2014 Statutory Historical Results, and the 12 month June-15 Forecast Results (as applicable) relating to a product development project which did not generate directly attributable incremental revenues and where ongoing product development investment has now ceased.
9. Adjustment to reverse the impact of other one-off and non-recurring items that were expensed in the Statutory Historical Results, 1H2015 and FY2015 Statutory Forecast Results and the 12 month June-15 Forecast Results, including costs associated with a 'pilot' campaign to test the effectiveness of brand advertising which has not generated directly attributable incremental revenues, the restructure of MYOB's partner sales management team and the non-cash gains and losses arising from the sale of non-current assets.
10. The tax impact attributable to adjustments referenced in footnotes 1 to 9 alone has been calculated using an effective tax rate of 30%, except for pre acquisition results for BankLink and PayGlobal where a New Zealand effective tax rate of 28% has been used.

4.3.4 12 month June Forecast Results

Figure 4.6 sets out the forecast results for 12 month June-15 and 12 month June-16 which the Company reasonably expects to recognise in each of those periods. The results for these periods are presented on a forecast basis since the Company will not prepare statutory accounts for these periods. A number of pro forma adjustments have been made to the forecast results for these periods as set out in Section 4.3.3, but are not included in the results in Figure 4.6. The 12 month June-16 period was included in order to present forecast financial information for MYOB for a full 12 month period following the date of the Prospectus. The 12 month June-15 forecast was also included to provide comparative information for the 12 month June-16 period and illustrate annual growth rates that are expected to be achieved in the 12 month June-16 period.

Figure 4.6: 12 month June Forecast Results

		12 month June Forecast Results	
$ millions	**Notes**	**12 mnth June-15**	**12 mnth June-16**
Revenue			
SME Solutions		190.2	214.0
Practice Solutions		80.2	83.4
Enterprise Solutions		35.6	39.0
Total revenue		**306.0**	**336.4**
COGS		(22.1)	(24.8)
Staff related expenses		(117.4)	(113.5)
Marketing expenses		(13.2)	(8.7)
General office/administration expenses		(50.9)	(28.9)
Total operating expenses		**(203.6)**	**(175.9)**
EBITDA		**102.4**	**160.5**
Depreciation		(4.8)	(4.9)
Amortisation of capitalised internally developed software		(7.3)	(9.7)
EBITA		**90.3**	**145.9**
Amortisation of acquired intangibles		(58.4)	(54.6)
EBIT		**31.9**	**91.3**
Net interest expense	1	(187.3)	(16.7)
PBT		**(155.4)**	**74.6**
Tax (expense)/benefit		44.1	(22.5)
NPAT		**(111.3)**	**52.1**
Amortisation of acquired intangibles (after tax)	2	40.9	38.2
NPATA		**(70.4)**	**90.3**

Notes:

1. Net interest in the 12 month June-15 Forecast Result includes estimated interest costs and the write-off of unamortised borrowing costs and break costs relating to the historical debt structure of MYOB that will be refinanced, financed in part by proceeds of the Offer and in part by the New Banking Facilities. Net interest expense for the period following Completion is based on the New Banking Facilities.
2. Only the non-cash amortisation of acquired intangibles (tax effected) is added back in deriving NPATA. The tax effected amortisation expense relating to capitalised internally developed software is integral to the ongoing operating performance of the business and accordingly is not added back.

4.3.5 Segment Pro Forma Historical Results, Pro Forma Forecast Results and 12 month June Forecast Results

An operating segment is a component of an entity: (a) that engages in business activities from which it may earn revenue and incur expenses; (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assets in its performance; and (c) for which discrete financial information is available.

In accordance with AASB 8 Operating Segments, and as reported in its audited consolidated financial statements for FY2014, MYOB's revenue is reported in three segments: SME Solutions, Practice Solutions and Enterprise Solutions. MYOB also reports an additional expense category titled Corporate, which consists of all group marketing, product development and shared services expenses, without any reported revenue.

Figure 4.7 sets out segment pro forma historical revenue and EBITDA for FY2012, FY2013 and FY2014, and segment pro forma forecast revenue and EBITDA for FY2015, 12 month June-15, 12 month June-16, 1H2015 and 1H2016.

Figure 4.7: Segment pro forma historical revenue and EBITDA for FY2012, FY2013 and FY2014 and segment pro forma forecast revenue and EBITDA for FY2015, 12 month June-15, 12 month June-16, 1H2015 and 1H2016

		Pro Forma Historical Results			Pro Forma Forecast Results				
$ millions	Notes	FY2012	FY2013	FY2014	FY2015	12 mnth June-15	12 mnth June-16	6 mnth 1H2015	6 mnth 1H2016
Revenue									
SME Solutions		150.4	161.4	180.4	201.4	190.2	214.0	97.8	110.4
Practice Solutions		74.4	77.1	79.4	82.6	80.2	83.4	41.3	42.1
Enterprise Solutions		33.5	37.0	39.5	39.0	38.4	39.0	19.2	19.2
Total revenue		**258.3**	**275.5**	**299.3**	**323.0**	**308.8**	**336.4**	**158.3**	**171.7**
EBITDA									
SME Solutions		105.3	109.5	122.2	141.0	130.7	151.8	67.7	78.5
Practice Solutions		54.6	55.8	56.8	58.8	57.0	59.0	28.9	29.1
Enterprise Solutions		10.1	11.5	15.6	19.0	17.4	18.8	9.2	9.0
Corporate	1	(58.7)	(57.5)	(66.1)	(68.2)	(68.7)	(68.9)	(35.0)	(35.7)
Total EBITDA		**111.3**	**119.3**	**128.5**	**150.6**	**136.4**	**160.7**	**70.8**	**80.9**
Depreciation		(3.6)	(3.9)	(3.9)	(4.9)	(4.8)	(4.9)	(2.5)	(2.5)
Amortisation of capitalised internally developed software	2	(4.5)	(5.6)	(6.5)	(8.0)	(7.3)	(9.7)	(4.0)	(5.7)
EBITA		**103.2**	**109.8**	**118.1**	**137.7**	**124.3**	**146.1**	**64.3**	**72.7**
Amortisation of acquired intangibles	3	(64.6)	(61.4)	(60.1)	(56.3)	(58.4)	(54.6)	(27.8)	(26.1)
EBIT		**38.6**	**48.4**	**58.0**	**81.4**	**65.9**	**91.5**	**36.5**	**46.6**

Notes: Pro forma adjustments impacting Figure 4.7 are described in Section 4.3.3.

1. MYOB reports an additional expense category titled Corporate, which consists of all group marketing, product development and shared services expenses, without any reported revenue.
2. Amortisation of capitalised internally developed software increases in the 1H2016 forecast period due to the commencement of amortisation of the capitalised product development costs of Practice Solutions and Enterprise Solutions cloud products.
3. Only the non-cash amortisation of acquired intangibles (tax effected) is added back in deriving NPATA. The tax effected amortisation expense relating to capitalised internally developed software is integral to the ongoing operating performance of the business and accordingly is not added back.

4.4 Pro Forma Historical Cash Flows, Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flow

4.4.1 Overview

Figure 4.8 sets out the Pro Forma Historical Cash Flows for FY2012, FY2013 and FY2014, Pro Forma Forecast Cash Flows for FY2015, 12 month June-15 and 12 month June-16, and Statutory Forecast Cash Flows for FY2015. The 12 month June-15 and 12 month June-16 periods are not financial years of MYOB and accordingly the Company will not prepare statutory accounts for these periods. FY2015 should be compared with FY2014 and 12 month June-16 should be compared with 12 month June-15, to avoid comparing overlapping periods.

Figure 4.8: Pro Forma Historical Cash Flows for FY2012, FY2013 and FY2014, Pro Forma Forecast Cash Flows for FY2015, 12 month June-15 and 12 month June-16 and Statutory Forecast Cash Flows for FY2015

		Pro Forma Historical Cash Flows			Pro Forma Forecast Cash Flows			Statutory Forecast Cash Flows
$ millions	**Notes**	**FY2012**	**FY2013**	**FY2014**	**FY2015**	**12 mnth June-15**	**12 mnth June-16**	**12 mnth FY2015**
EBITDA	1	**111.3**	**119.3**	**128.5**	**150.6**	**136.4**	**160.7**	**125.4**
Non-cash items in EBITDA	2	1.1	(0.2)	2.0	1.7	2.1	0.8	2.2
Changes in working capital	3	(5.2)	(3.2)	2.4	(5.2)	(7.3)	(1.3)	(5.2)
Operating free cash flow before capital expenditure		**107.2**	**115.9**	**132.9**	**147.1**	**131.2**	**160.2**	**122.4**
Capital expenditure	4	(7.8)	(18.8)	(20.1)	(17.5)	(16.9)	(16.7)	(17.5)
Net free cash flow before financing, tax and dividends		**99.4**	**97.1**	**112.8**	**129.6**	**114.3**	**143.5**	**104.9**
Net interest paid	5				(16.1)	(16.9)	(15.8)	(107.1)
Income tax paid	6				–	–	–	–
Offer transaction costs (capitalised to equity)	7				–	–	–	(29.8)
Proceeds from issue of shares	8				–	–	–	745.6
Net proceeds from (repayment of) senior debt facilities	8				–	–	–	(209.9)
Repayment of Loan Notes, Existing Retail Notes and Redeemable Preference Shares	8				–	–	–	(434.7)
Proceeds from management repayment of non-recourse loan					–	–	–	5.2
Investment in OnDeck Australia	9				–	–	–	(6.0)
Net cash flow before dividends					**113.5**	**97.4**	**127.7**	**68.2**
Cash conversion ratio (post capital expenditure)	10	89%	81%	88%	86%	84%	89%	84%

Notes:

1. EBITDA in this table has been adjusted to reflect the pro forma adjustments to the Statutory Historical Results, Statutory Forecast Results and 12 month June Forecast Results set out in Figure 4.5 contained in Section 4.3.3 with the exception of adjustments 4, 6 and 10 relating to the pro forma interest expense, depreciation and amortisation expense and the tax effect of the pro forma adjustments which do not impact pro forma EBITDA.
2. Non-cash items in EBITDA reflect the impact of non-cash foreign exchange gains and losses, share-based payment expenses and the gifting of $0.5 million (before payroll tax) of Shares to Eligible Employees under the Employee Offer.
3. The key driver of changes in working capital are timing differences around the payment of suppliers (including capital expenditure creditors) and changes in unearned income. Overall, unearned revenue is forecast to decrease as new perpetual licences and maintenance payments are replaced with subscription payments for cloud products. Working capital balances/movements have been adjusted to reflect the estimated impact of the BankLink and PayGlobal acquisitions and the divestment of MYOB Australia E1.
4. The pro forma historical and 12 month June-15 forecast capital expenditure exclude (as applicable) cash amounts relating to the historical acquisitions (of BankLink, PayGlobal and the FY2014 investment in Kounta Holdings Pty Limited) and the divestment of MYOB Australia E1.

5. Net interest paid in the FY2015 Statutory Forecast Results comprises interest paid on the existing senior debt facilities, Loan Notes, Existing Retail Notes and Redeemable Preference Shares up to and including Completion and estimated interest to be paid on the New Banking Facilities which will be drawn down on Completion for the period following Completion. It also includes break costs relating to the historical debt structure of MYOB. Net interest paid across all periods excludes non-cash amortisation of capitalised debt establishment costs and the write-off of unamortised borrowing costs relating to the historical debt structure of MYOB which will be refinanced in part by proceeds of the Offer and in part by the New Banking Facilities.
6. No cash tax payments are forecast to be made in Australia as there are sufficient tax losses available to offset the taxable income forecast to be generated in Australia in FY2015 and in 1H2016. In New Zealand, no additional cash tax payments are forecast to be made in FY2015 and in 1H2016 as an expected tax refund from MYOB Group's FY2014 income tax return will be carried forward to offset the FY2015 and 1H2016 forecast tax liability.
7. The FY2015 Statutory Forecast EBITDA already includes the portion of expenses of the Offer and other transaction costs expensed in the FY2015 Statutory Forecast Results (refer to adjustments 2 and 7 in Figure 4.5 in Section 4.3.3). This adjustment comprises that portion of expenses of the Offer which are offset against equity raised in the Offer.
8. All remaining cash flows relate to non-recurring cash flows that are forecast to occur in 1H2015 in association with the repayment of existing senior debt facilities, Loan Notes, Existing Retail Notes and Redeemable Preference Shares, drawdown of funds under the New Banking Facilities and receipts relating to the Offer. Refer to the sources and uses of funds in Section 7.1.2 for further details.
9. On 14 April 2015 MYOB purchased a 30% interest in OnDeck Australia for an initial cash outlay of $6 million on or around 14 April 2015. MYOB have also agreed to invest a further $3 million no earlier than 12 months following completion of the transaction if called upon by OnDeck Australia.
10. The ratio of net free cash flow before financing, taxation and dividends as a percentage of EBITDA.

Figure 4.9 sets out Pro Forma Forecast Cash Flows and Statutory Forecast Cash Flows for 1H2015 and 1H2016.

Figure 4.9: Pro Forma Forecast and Statutory Cash Flows for 1H2015 and 1H2016

		Pro Forma Forecast Cash Flows		Statutory Forecast Cash Flows	
$ millions	**Notes**	**6 mnth 1H2015**	**6 mnth 1H2016**	**6 mnth 1H2015**	**6 mnth 1H2016**
EBITDA	1	**70.8**	**80.9**	**45.8**	**80.9**
Non-cash items in EBITDA	2	1.3	0.4	1.8	0.4
Changes in working capital	3	(4.8)	(0.9)	(4.8)	(0.9)
Operating free cash flow before capital expenditure		**67.3**	**80.4**	**42.8**	**80.4**
Capital expenditure	4	(9.2)	(8.4)	(9.2)	(8.4)
Net free cash flow before financing, tax and dividends		**58.1**	**72.0**	**33.6**	**72.0**
Net interest paid	5	(8.2)	(7.9)	(98.8)	(7.9)
Income tax paid	6	–	–	–	–
Offer transaction costs (capitalised to equity)	7	–	–	(29.8)	–
Proceeds from issue of shares	8	–	–	745.6	–
Net proceeds from (repayment of) senior debt facilities	8	–	–	(209.9)	–
Repayment of Loan Notes, Existing Retail Notes and Redeemable Preference Shares	8	–	–	(434.7)	–
Proceeds from management repayment of non-recourse loan		–	–	5.2	–
Investment in OnDeck Australia	9	–	–	(6.0)	(3.0)
Net cash flow before dividends		**49.9**	**64.1**	**5.2**	**61.1**
Cash conversion ratio (post capital expenditure)	10	82%	89%	73%	89%

Notes:

1. EBITDA in this table has been adjusted to reflect the pro forma adjustments to the Statutory Forecast Results set out in Figure 4.5 contained in Section 4.3.3 with the exception of adjustments 4, 6 and 10 relating to the pro forma interest expense, depreciation and amortisation expense and the tax effect of the pro forma adjustments which do not impact pro forma EBITDA.
2. Non-cash items in EBITDA reflect the impact of non-cash foreign exchange gains and losses, share-based payment expenses and the gifting of $0.5 million (before payroll tax) of Shares to Eligible Employees under the Employee Offer.
3. The key driver of changes in working capital are timing differences around the payment of suppliers (including capital expenditure creditors) and changes in unearned income. Overall, unearned revenue is forecast to decrease as new perpetual licences and maintenance payments are replaced with subscription payments for cloud products. Working capital balances/movements have been adjusted to reflect the estimated impact of the BankLink and PayGlobal acquisitions and the divestment of MYOB Australia E1.
4. Capital expenditure in 1H2015 and 1H2016 includes capitalised product development costs related to Practice Solutions and Enterprise Solutions cloud products.
5. Net interest paid in the 1H2015 Statutory Forecast Results comprises interest paid on the existing senior debt facilities, Loan Notes, Existing Retail Notes and Redeemable Preference Shares up to and including Completion and estimated interest to be paid on the New Banking Facilities which will be drawn down on Completion for the period following Completion. It also includes break costs relating to the historical debt structure of MYOB. Net interest paid across all periods excludes non-cash amortisation of capitalised debt establishment costs and the write-off of unamortised borrowing costs relating to the historical debt structure of MYOB which will be refinanced in part by proceeds of the Offer and in part by the New Banking Facilities.
6. No cash tax payments are forecast to be made in Australia as there are sufficient tax losses available to offset the taxable income forecast to be generated in Australia in 1H2015 and in 1H2016. In New Zealand, no additional cash tax payments are forecast to be made in 1H2015 and in 1H2016 as an expected tax refund from MYOB Group's FY2014 income tax return will be carried forward to offset the 1H2015 and 1H2016 forecast tax liability.
7. The 1H2015 Statutory Forecast EBITDA already includes the portion of expenses of the Offer and other transaction costs expensed in the FY2015 Statutory Forecast Results (refer to adjustments 2 and 7 in Figure 4.5 in Section 4.3.3).
8. All remaining cash flows relate to non-recurring cash flows that are forecast to occur in 1H2015 in association with the repayment of existing senior debt facilities, Loan Notes, Existing Retail Notes and Redeemable Preference Shares, drawdown of funds under the New Banking Facilities and receipts relating to the Offer. Refer to the sources and uses of funds in Section 7.1.2 for further details.

9. On 14 April 2015 MYOB purchased a 30% interest in OnDeck Australia for an initial cash outlay of $6 million on or around 14 April 2015. MYOB have also agreed to invest a further $3 million no earlier than 12 months following completion of the transaction if called upon by OnDeck Australia.
10. The ratio of net free cash flow before financing, taxation and dividends as a percentage of EBITDA.

4.4.2 Pro forma adjustments to the Statutory Historical Cash Flows, Statutory Forecast Cash Flows and 12 month June Forecast Cash Flows

Figure 4.10 sets out the pro forma adjustments that have been made to the Statutory Historical Cash Flows, Statutory Forecast Cash Flows and 12 month June Forecast Cash Flows to reflect the impact of the operating and financing structure that will be in place following Completion as if it was in place as at 1 January 2012 and the impact of historical acquisitions and divestments, to eliminate non recurring items and to reflect standalone public company costs.

Figure 4.10: Pro Forma Historical Cash Flows for FY2012, FY2013 and FY2014 and Pro Forma Forecast Cash Flows for FY2015, 12 month June-15, 12 month June-16, 1H2015 and 1H2016

		Historical Cash Flows			Forecast Cash Flows				
$ millions	Notes	FY2012	FY2013	FY2014	FY2015	12 mnth June-15	12 mnth June-16	6 mnth 1H2015	6 mnth 1H2016
Net free cash flow before financing, tax and dividends		**78.6**	**(23.7)**	**72.8**	**104.9**	**62.3**	**143.5**	**33.6**	**72.0**
Impact of historical acquisitions and divestments	1	15.4	113.4	25.9	–	20.0	–	–	–
Offer transaction costs expensed	2	–	–	–	0.3	0.3	–	0.3	–
Public company costs	3	(2.0)	(2.0)	(2.0)	(0.7)	(1.7)	–	(0.7)	–
Acquisition transaction and integration costs	4	3.6	4.9	6.3	2.0	5.7	–	2.0	–
Offer related adjustments and other transaction costs	5	2.8	1.8	1.0	19.7	19.9	–	19.7	–
Business transformation one-off costs	6	1.0	1.9	4.9	1.0	3.3	–	1.0	–
Other non-recurring adjustments	7	–	0.8	3.9	2.4	4.5	–	2.2	–
Total pro forma adjustments		**20.8**	**120.8**	**40.0**	**24.7**	**52.0**	**–**	**24.5**	**–**
Pro forma net free cash flow before financing, tax and dividends		**99.4**	**97.1**	**112.8**	**129.6**	**114.3**	**143.5**	**58.1**	**72.0**

Notes:

1. Adjustment to exclude cash amounts relating to the historical acquisitions of BankLink, PayGlobal and the FY2014 investment in Kounta Holdings Pty Limited but to include net free cash flow before financing, tax and dividends of BankLink and PayGlobal as if these acquisitions had been completed on 31 December 2011. MYOB has also excluded from all periods the net free cash flow generated by MYOB Australia E1.
2. Reflects that portion of the estimated total costs of the Offer that will be expensed in the 1H2015 and FY2015 Statutory Forecast Results and 12 month June-15 Forecast Results.
3. Reflects MYOB's estimate of the incremental annual costs that the Company will incur as a public entity. These costs include Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, Directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report costs.
4. An adjustment has been made to remove one-off transaction and integration costs related to the acquisition of MYOB by Bain Capital, and the acquisitions of BankLink and PayGlobal that were expensed in the Statutory Historical Results and 1H2015 and FY2015 Statutory Forecast Results and the 12 month June-15 Forecast Results.
5. Adjustment to remove the impact of one-off senior management cash bonuses of $2.5 million (before payroll tax) and the gifting of $0.5 million (before payroll tax) of Shares to Eligible Employees under the Employee Offer, which will be expensed in the 1H2015 and FY2015 Statutory Forecast Results and 12 month June-15 Forecast Result. Adjustment has also been made to remove one-off adviser fees of $3.4 million, to eliminate the impact of historical advisory services fees of $2.5 million per year historically and $0.8 million in FY2015 paid to Bain Capital which will not continue post Offer and to remove the cost of payments of $12.5 million to be made to Bain Capital on Completion in connection with the advisory services arrangements.
6. Adjustment to remove the impact of business transformation initiatives and costs including those relating to the closure of MYOB's Kuala Lumpur office in FY2014. It also includes non-recurring software development and product promotion costs of $0.9 million in FY2013 and $3.9 million in FY2014 which are expensed in the FY2013 and FY2014 Statutory Historical Results and the 12 month June-15 Forecast Results (as applicable) relating to a product development project which did not generate directly attributable incremental revenues and where ongoing product development investment has now ceased.
7. Adjustment to reverse the impact of other one-off and non-recurring items that were expensed in the Statutory Historical Results, 1H2015 and FY2015 Statutory Forecast Results and the 12 month June-15 Forecast Results, including costs associated with a 'pilot' campaign to test the effectiveness of brand advertising which has not generated directly attributable incremental revenues, the restructure of MYOB's partner sales management team and the non-cash gains and losses arising from the sale of non-current assets.

4.5 Pro Forma Historical Balance Sheet

4.5.1 Overview

Figure 4.11 sets out the pro forma adjustments that have been made to the audited Statutory Historical Balance Sheet for MYOB in order to prepare the Pro forma Historical Balance Sheet for MYOB. These adjustments reflect the events and assumptions discussed in the notes to Figures 4.5 and 4.10, including the impact of the operating and capital structure that will be in place following Completion as if they had occurred or were in place as at 31 December 2014.

Figure 4.11: Statutory Historical Balance Sheet and Pro forma Historical Balance Sheet

As at 31 December 2014 ($ millions)	Audited Statutory	Impact of the New Banking Facilities[1]	Impact of Repayment of other indebtedness[2]	Impact of the Offer[3]	Pro forma
Assets					
Current assets					
Cash and cash equivalents	5.0	(209.9)	(504.8)	711.7	2.0
Trade and other receivables	12.2	–	–	–	12.2
Inventories	0.9	–	–	–	0.9
Other current assets	213.5	–	(203.0)	–	10.5
Current tax receivables	2.2	–	–	–	2.2
Total current assets	**233.8**	**(209.9)**	**(707.8)**	**711.7**	**27.8**
Non-current assets					
Property, plant and equipment	15.7	–	–	–	15.7
Intangible assets and goodwill	1,239.2	–	–	–	1,239.2
Deferred tax assets	31.6	–	20.3	14.9	66.8
Investments	10.5	–	–	–	10.5
Total non-current assets	**1,297.0**	**–**	**20.3**	**14.9**	**1,332.2**
Total assets	**1,530.8**	**(209.9)**	**(687.5)**	**726.6**	**1,360.0**
Liabilities					
Current liabilities					
Trade and other payables	23.9	–	7.0	10.4	41.3
Income tax payable	–	–	–	–	–
Interest bearing loans and borrowings	223.9	(18.9)	(203.0)	–	2.0
Unearned revenue	40.1	–	–	–	40.1
Provisions	9.3	–	–	–	9.3
Derivative financial instruments	0.8	–	–	–	0.8
Total current liabilities	**298.0**	**(18.9)**	**(196.0)**	**10.4**	**93.5**
Non-current liabilities					
Interest bearing loans and borrowings	1,131.0	(179.6)	(518.8)	–	432.6
Provisions – non-current portion	4.7	–		–	4.7
Total non-current liabilities	**1,135.7**	**(179.6)**	**(518.8)**	**–**	**437.3**
Total liabilities	**1,433.7**	**(198.5)**	**(714.8)**	**10.4**	**530.8**
Net assets	**97.1**	**(11.4)**	**27.3**	**716.2**	**829.2**
Equity					
Contributed equity	330.9	–	77.5	730.0	1,138.4
Reserves	9.5	–	–	0.5	10.0
Retained earnings	(243.3)	(11.4)	(50.2)	(14.3)	(319.2)
Total equity	**97.1**	**(11.4)**	**27.3**	**716.2**	**829.2**

See next page for notes 1- 3 in this Figure.4.11.

Notes:

1. Impact of the New Banking Facilities – Represents the drawdown of $435.0 million of senior debt under Facility A (less $2.4 million of borrowing costs capitalised against interest bearing loans and borrowings on the balance sheet), the drawdown of $2.0 million on the Revolving Facility, the repayment of $644.5 million of existing senior debt facilities and the non-cash write-off of $11.4 million of unamortised borrowing costs related to the existing senior debt facilities.
2. Impact of repayment of other indebtedness – The Company will fully pay in cash the remaining balance of $134.1 million of Redeemable Preference Share liabilities from proceeds of the Offer with the related withholding tax obligation of $2.1 million being paid subsequent to the Offer and funded by MYOB's cash flows from operations. Loan Notes with a 31 December 2014 book value of $227.7 million (gross of withholding tax obligations) will be paid out at $292.5 million (net of withholding tax obligations of $7.3 million which will be paid subsequent to the Offer and funded by MYOB's cash flows from operations). On the Prospectus Date, there are $155.0 million of Existing Retail Notes outstanding. It is assumed that $77.5 million of Existing Retail Notes will be redeemed for cash (paid out of the proceeds of the Offer) on Completion and $77.5 million of Existing Retail Notes will be Exchanged for Shares (recorded in contributed equity) on Completion pursuant to the Noteholder Exchange Offer described in Section 7.
3. Impact of the Offer – As a consequence of the Offer, contributed equity increases by $730.0 million through the issue of new Shares ($745.6 million) less Offer transaction costs of $29.8 million ($20.8 million after tax) which is offset against equity. An additional $5.2 million of contributed equity relates to the repayment by management of non-recourse loans. $0.3 million ($0.2 million after tax) of Offer transaction costs are expensed along with other transaction costs not directly attributable to the Offer of $19.4 million ($13.6 million after tax). Of the total transaction costs of $51.8 million (including the $2.4 million of borrowing costs), $41.4 million will be paid from the proceeds of the Offer. The remaining $10.4 million (which includes up to a maximum of $7.2 million incentive fees which may be paid by MYOB at its discretion before, at or following Completion) will be funded from MYOB's cash flows from operations and are included within trade and other payables in the Pro Forma Historical Balance Sheet.

4.5.2 Indebtedness and capitalisation

Figure 4.12 sets out the indebtedness and capitalisation of MYOB at 31 December 2014, before Completion and immediately after Completion.

Figure 4.12: Summary indebtedness and capitalisation at 31 December 2014

$ millions	Notes	Statutory	Pro forma	Change
Cash and cash equivalents		(5.0)	(2.0)	3.0
Long term debt				
Existing senior debt		619.5	–	(619.5)
Existing Retail Notes		155.0	–	(155.0)
Loan Notes		227.7	–	(227.7)
Redeemable Preference Shares		136.2	–	(136.2)
New Banking Facilities		–	435.0	435.0
Short term debt				
Existing senior debt		25.0	–	(25.0)
New Banking Facilities		–	2.0	2.0
Total indebtedness		**1,163.4**	**437.0**	**(726.4)**
Contributed equity		330.9	1,138.4	807.5
Reserves and retained earnings	1	(233.8)	(309.2)	(75.4)
Total capitalisation		**1,260.5**	**1,266.2**	**5.7**

Notes: Refer to the Notes in Section 4.5.1 for details of the pro forma adjustments made.

1. Reserves and retained earnings decreased due to the write-off of 11.4 million of existing borrowing costs, $66.9 million ($46.8 million net of tax) in accrued interest on Loan Notes, $0.8 million ($0.6 million net of tax) in Existing Retail Notes termination fees, $0.3 million ($0.2 million after tax) of Offer transaction costs which are expensed along with other transaction costs not directly attributable to the Offer of $19.4 million ($13.6 million after tax).

4.5.3 Description of New Banking Facilities

Various companies in the MYOB Group (including, among others, MYOB Acquisition Pty Ltd as a borrower in Australia, and MYOB New Zealand Group Limited and MYOB Finance NZ Limited as the borrowers in New Zealand) have entered into a credit agreement with, among others, Australia and New Zealand Banking Group Limited, ANZ Bank New Zealand Limited, Commonwealth Bank of Australia, Mizuho Bank, Ltd., National Australia Bank Limited, Westpac Banking Corporation and Westpac New Zealand Limited (together, the "**Lenders**") for the provision of a new four year senior term facility and a four year revolving facility ("**New Banking Facilities**"). On Completion, funding provided under the New Banking Facilities (together with proceeds from the sale of new Shares under the Offer) will, in part, be utilised to repay existing debt facilities and pay transaction costs in relation to the Offer. The New Banking Facilities will be governed by New South Wales law.

The New Banking Facilities will be guaranteed by MYOB and certain material wholly owned subsidiaries of MYOB who together hold not less than 90% of the total assets of the MYOB Group and generate not less than 90% of the EBITDA of the MYOB Group. The Lenders under the New Banking Facilities will be unsecured.

The availability of funding under the New Banking Facilities is conditional on confirmation that an initial public offering of the shares in MYOB has been completed, including the application for admission to the official list of ASX and the subsequent granting of official quotation of the relevant securities on ASX on an unconditional basis, and other conditions precedent which are customary for facilities of this nature (including conversion or redemption of the Loan Notes and the Existing Retail Notes on Completion). Accordingly, on Completion, the MYOB Group will have debt funding available to assist with the repayment of the existing debt and to provide for its funding needs after Completion.

The New Banking Facilities will comprise:

- a four year term loan facility consisting of an Australian dollar tranche of A$396.0 million and a New Zealand dollar tranche of NZ$40.95 million ("**Facility A**"); and
- $50.0 million four year multi currency revolving facility ("**Revolving Facility**").

4.5.3.1 Facility A

Facility A is available for repaying existing debt facilities and paying related financing and advisory fees, costs and expenses in connection with the Offer. The Australian dollar tranche of Facility A is available only to MYOB Acquisition Pty Ltd and the New Zealand dollar tranche of Facility A is only available to the borrowers that are incorporated in New Zealand.

All amounts outstanding under Facility A are repayable in full at maturity, being four years from the date of first drawdown under the New Banking Facilities.

Facility A has a variable interest rate which is based on the BBSY bid rate (for Australian dollar loans) or BKBM bid rate (for New Zealand dollar loans) plus a margin that will vary depending on the Total Leverage Ratio (as defined in the New Banking Facilities). The average effective interest rate of Facility A is forecast to be approximately 3.8% per annum. MYOB Acquisition Pty Limited will also be required to pay an upfront fee, payable on the date of first drawdown under the New Banking Facilities, in addition to other customary fees for facilities of this nature.

4.5.3.2 Revolving Facility

The Company will draw $2.0 million on the Revolving Facility at Completion. The Revolving Facility is available to all borrowers party to the New Banking Facilities for working capital and other general corporate purposes of the MYOB Group and may be drawn in cash by the issuance of letters of credit and bank guarantees or performance bonds, and the provision of other types of ancillary facilities for MYOB Group (in accordance with the terms of the New Banking Facilities). The Revolving Facility is repayable in full at maturity, being four years from the date of first drawdown under the New Banking Facilities.

The interest rate under the Revolving Facility will be the same as Facility A. An upfront fee on the Revolving Facility commitments will be payable on the date of first drawdown under the New Banking Facilities. A commitment fee on undrawn commitments under the Revolving Facility will also be payable.

4.5.3.3 Financial covenants

The New Banking Facilities will include the following financial covenants, which are usual for corporate facilities of this nature. The financial covenants will be tested semi annually based on the preceding 12 months' results with the first calculation date of 31 December 2015:

- Total Leverage Ratio not greater than 4.00:1 (stepping down to 3.75:1 after 18 months from the date of first drawdown of the New Banking Facilities), being the ratio of "Total Net Debt" to "EBITDA" (each such term as defined under the New Banking Facilities); and
- Interest Cover Ratio not less than 3.00:1, being the ratio of "EBITDA" to "Senior Net Cash Interest Costs" (as defined in the New Banking Facilities).

A breach of a financial covenant will be an event of default under the New Banking Facilities.

Calculations under the financial covenants in the New Banking Facilities for Total Net Debt and EBITDA (as defined in the New Banking Facilities) include a number of specific adjustments. These adjustments are not shown in the net debt and EBITDA shown in this Prospectus, and therefore, these measures will be different to the value used for covenant calculations under the New Banking Facilities.

4.5.3.4 Other financing considerations

The agreement under which the New Banking Facilities are made available will contain certain representations, undertakings and events of default which are customary for corporate facilities of this nature.

Any breach by a member of the Group of representations or undertakings given or made by it, or the occurrence of an event of default, may lead to the funds borrowed becoming due and the New Banking Facilities being cancelled.

In addition, a review event will occur if:

(i) MYOB is removed from the official list of ASX; or

(ii) any class of securities in MYOB is suspended from trading on ASX for a continuous period of 10 Business Days (as defined in the New Banking Facilities) or longer (for reasons other than there being an imminent announcement of a major acquisition or merger transaction); or

(iii) any person or persons acting in concert (other than Bain Capital or funds or entities owned, controlled, managed or advised by it or its affiliates) comes to own (directly or indirectly) more than 30% of the voting share capital of MYOB or gains control (directly or indirectly) or MYOB.

If a review event occurs, the parties will be required to negotiate revised terms of the New Banking Facilities. If agreement cannot be reached within a specified period, it may lead to some of all of the funds borrowed under the New Banking Facilities becoming due.

In addition, if an event of default or a review event (other than a review event in paragraph (iii) above) is subsisting, this may prevent MYOB from being able to pay any dividends.

4.5.4 Liquidity and capital resources

Following Completion, MYOB's principal sources of funds are expected to be cash flow generated from operations, cash on hand and borrowings under the New Banking Facilities. At Completion, MYOB will have a Revolving Facility of up to $50.0 million, $48.0 million of which will be undrawn; and an expected cash balance of $2.0 million.

MYOB's main use of cash is to fund working capital and capital expenditure. Historical and forecast capital expenditure and working capital trends are described in Sections 4.6 and 4.8.

MYOB expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period. MYOB may draw down on its Revolving Facility or reduce its cash on hand to meet business needs. MYOB's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond its control including general economic, financial and competitive conditions. Over time, the Company may seek additional funding from a range of sources to diversify its funding base to reduce reliance on the bank finance market and to manage its exposure to interest rate risk on long term borrowings. Quantitative and qualitative disclosures about market risk sensitive instruments are addressed in Section 4.5.5.

4.5.5 Quantitative and qualitative disclosures about market risk

4.5.5.1 Interest rate risk

MYOB is exposed to interest rate risk arising from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments, particularly MYOB's long term borrowings (refer to Section 5.2.17). MYOB monitors and analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing options and the mix of fixed and variable interest rates.

MYOB uses derivative financial instruments to reduce its exposure to adverse fluctuations in interest rates. These derivatives create an obligation to transfer or right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation. Derivative financial instruments that MYOB uses to hedge interest rate movements include interest rate swaps, caps and collars.

4.5.5.2 Foreign exchange risk

MYOB's foreign exchange risk is primarily related to fluctuations between the Australian dollar and New Zealand dollar.

MYOB has not historically hedged movements in foreign currency. New Zealand represented approximately 17% and 10% of MYOB's pro forma revenue and EBITDA, respectively, in FY2014, the difference resulting primarily from MYOB having almost 30% of its total headcount in New Zealand. This, together with 9% of Facility A being denominated in New Zealand dollars, can give MYOB a natural hedge to Australian dollar and New Zealand dollar currency fluctuations.

4.5.6 Contractual obligations and commitments

Figure 4.13 sets out a summary of MYOB's contractual obligations and other commitments following Completion.

Figure 4.13: Contractual obligations and other commitments

	Notes	<1 year	1 - 5 years	>5 years
New Banking Facilities	1	–	437.0	–
Operating lease commitments		5.4	18.0	8.0
Investment in OnDeck Australia	2	6.0	3.0	–
Contractual obligations and other commitments		**11.4**	**458.0**	**8.0**

Notes:

1. See Section 4.5.3 for further information on the New Banking Facilities. The New Banking Facilities were not in place as at 31 December 2014 but have been included for completeness with respect to MYOB's ongoing, future contractual obligations and commitments.
2. On 14 April 2015 MYOB purchased a 30% interest in OnDeck Australia for an initial cash outlay of $6 million on or around 14 April 2015. MYOB have also agreed to invest a further $3 million no earlier than 12 months following completion of the transaction if called upon by OnDeck Australia.

4.5.7 Off-balance sheet items

The Company has no material contingent liabilities or off-balance sheet arrangements.

4.6 Management's discussion and analysis of the Pro Forma Historical Financial Information

4.6.1 General factors affecting the operating results of MYOB Group

Section 4.6 sets out a discussion of the key factors which affected MYOB's operating and financial performance during FY2012, FY2013 and FY2014 and which MYOB expects may affect the Company's operating and financial performance over the period of the Forecast Financial Information.

The general matters discussed below are a summary only and do not represent everything that affected MYOB's historical operating and financial performance, nor everything that may affect MYOB's operating and financial performance in future periods. The information in this Section 4.6 should also be read in conjunction with the risk factors set out in Section 5 and the other information contained in this Prospectus.

4.6.1.1 Revenue

MYOB derives revenues predominantly through perpetual and new licence sales, and maintenance and subscription payments for its business solutions software in its SME Solutions, Practice Solutions and Enterprise Solutions divisions.

As set out in Section 3.3.1, MYOB's user base is comprised of Paying Users (i.e. all cloud users that make subscription payments and those desktop users that make additional maintenance payments) and Non-Paying Users (i.e. those SME desktop users that only purchase an initial perpetual licence).

MYOB generates the majority of its revenue from Paying Users who represent a Recurring Revenue stream for MYOB, as these users make ongoing subscription and maintenance payments.

The key drivers of Recurring Revenue are set out below:

- growth in Paying User base
  - the number of Paying Users is driven by a combination of the number of new Paying Users added to the business and the retention rates of existing Paying Users; and
- ARPU
  - ARPU is driven by pricing changes, Connected Services (i.e. add-on and up-sell products) and the proportion of products sold at varying price points (as set out in Section 3.3.1.2); and
  - MYOB has implemented regular price increases in the historical periods as the Company continues to add value to its software products, including new features and functionality. Such increases can, however, be impacted to an extent by changes in product mix such as fluctuations in sales of lower price products as a percentage of total sales due to changing demand by users.

MYOB also generates revenue from the sale of perpetual and new licences, although this revenue stream is decreasing year on year as MYOB's user base transitions to the cloud.

Historically, perpetual and new licence sales and maintenance payments comprised the majority of MYOB's revenues; however, the shift to cloud Accounting Software has generally caused MYOB's revenue mix to increasingly include Recurring Revenue generated from subscription payments.

Revenue is recognised by MYOB when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer. Perpetual and new licence revenues are recognised when the physical stock is shipped to the customer. For users on fixed term contracts (largely desktop users that make maintenance payments), unearned income is recognised upon receipt of payment when the user enters the contract and revenue is recorded over time as it is earned. For users on ongoing contracts (largely cloud users that make subscription payments), revenue is recognised on a straight-line basis over the period of the payment plan (primarily monthly or annual), reflecting the period over which the services are supplied. See Appendix B for further details on MYOB's revenue recognition policies.

SME Solutions revenue

Growth in SME Solutions revenue has been the primary driver of MYOB's revenue growth in the historical period. SME Solutions revenue has been primarily driven by the growth in the Paying User base in the historical periods from approximately 377,000 in December 2011 to approximately 505,000 in December 2014 (representing a CAGR of 10%). Paying User growth has been underpinned by the strong growth in MYOB's cloud user base, which grew from approximately 4,000 in December 2011 to approximately 116,000 in December 2014 (representing a CAGR of 210%), as new users increasingly adopt cloud solutions and existing users are transitioned from desktop products on to cloud products.

MYOB has historically maintained high user retention rates. In FY2011, MYOB's SME Solutions user retention rate was approximately 78%. This has grown to approximately 81% in FY2014, with cloud retention materially higher than retention for desktop products.

Further, MYOB's growth in the SME segment has involved an expansion of the Paying User base among the smaller 'micro' SME market and cloud users (with MYOB BankLink and MYOB Essentials products). As a result, an increasing proportion of new and existing MYOB users have adopted lower price point products, which has affected average revenue per Paying User in the historical periods.

4.6.1.2 Operating expenses

MYOB has historically demonstrated the ability to grow revenue at a rate in excess of operating expense growth, with only a small proportion of the Company's operating expense base comprising direct cost of goods sold ("**COGS**").

Key operating expense categories for MYOB are set out below:

- **COGS:** costs associated with delivering MYOB's software to users, predominantly the cost of hosting cloud products with external vendors and fees to financial institutions for the provision of bank feeds;
- **Staff related expenses:** costs associated with the salaries, related on-costs, share-based payments and sales commissions of all MYOB staff, including product development, sales and marketing, customer support, executive management and head office staff. The majority of staff related expenses are incurred for the product development, sales and marketing and customer services functions. Staff related expenses include the portion of product development expenditure that is expensed by MYOB. Staff related expenses comprise the largest category of operating expenses for MYOB;
- **Marketing expenses:** costs associated with the sales and marketing efforts of acquiring new users and retaining existing users (but excluding the staff related costs of sales and marketing personnel, which are included in the staff related expenses category). MYOB's marketing expenses largely consist of external marketing and promotion costs, online marketing and trade shows and events; and
- **General office/administration expenses:** costs predominantly relating to MYOB's corporate functions and including rental and utility costs associated with MYOB's premises, IT infrastructure and administration expenses including external adviser fees.

4.6.1.3 Depreciation

Depreciation is a non-cash item that predominantly relates to MYOB's fixed assets, comprising furniture, equipment, buildings and improvements. MYOB's accounting policies with regards to the calculation of depreciation are set out in Appendix B.

4.6.1.4 Amortisation

Amortisation is a non-cash item and is comprised of amortisation of capitalised internally developed software and amortisation of acquired intangibles, as set out below:

- amortisation of capitalised internally developed software refers to internally developed software for resale; and
- amortisation of acquired intangibles is an acquisition related non-cash expense
  - for MYOB, the majority of amortisation of acquired intangibles relates to the value placed on commercialised software, customer relationships, intellectual property and brands at the time MYOB was acquired by Bain Capital in 2011; and
  - tax effected amortisation of acquired intangibles is added back to NPAT in order to derive NPATA, which MYOB considers an important measure of the underlying performance of the Company.

Both categories of amortisation described above are deductible for income tax purposes in Australia and New Zealand. MYOB's accounting policies with regards to amortisation are set out in Appendix B.

4.6.1.5 Net finance costs

MYOB's historical net finance costs have been adjusted to reflect the leverage, debt profile and interest rates applicable under the New Banking Facilities following Completion. In the case of FY2012, FY2013 and FY2014, the pro forma interest expense has been calculated applying the pro forma leverage ratio in 12 month June-15 to all historical periods to estimate an illustrative level of debt in each period. A similar approach has been adopted in relation to pro forma interest expense for the period from 1 January 2015 up to Completion. The statutory and pro forma interest expense in FY2015, 12 month June-15 and 12 month June-16 (as it relates to the period post Completion) has been forecast based on the expected cash and debt positions throughout the periods.

Interest rates have been applied to the above debt sizing estimates by applying the margin described in the New Banking Facilities to the three month interest rates that prevailed during the relevant historical periods and forward rates that are expected in the forecast periods.

Pro forma interest income has been calculated on the basis of rolling back to historical periods a pro rata attribution of the average operating cash holdings of MYOB that are expected to arise during FY2015 and 12 month June-16. The interest rate used represents the average cash rate for FY2012, FY2013, FY2014, FY2015 and 12 month June-16.

The interest calculation also reflects commitment fees relating to the undrawn portion of the Revolving Facility, fees relating to bank guarantees and borrowing cost amortisation of upfront fees for the New Banking Facilities.

4.6.1.6 Capital expenditure

MYOB capitalises product development costs related to significant enhancements to new products that have not been released in the market and have not generated any revenue, and the development associated with MYOB's internal CRM systems. All other product development costs are expensed through the income statement.

Other capital expenditure is principally related to property, plant and equipment spend.

4.6.1.7 Working capital

Working capital is trade and other receivables, inventories and other current assets less trade and other payables, provisions and deferred (unearned) revenue.

4.6.1.8 Tax

The primary jurisdictions in which MYOB operates and their applicable corporate tax rates are Australia (30%) and New Zealand (28%). Tax has been calculated based on effective rates of 30% and 28% in Australia and New Zealand, respectively.

4.6.1.9 Foreign exchange

The Financial Information is presented in Australian dollars, which is the currency of the primary geography in which the Company operates.

Net assets of MYOB's business in New Zealand are translated at the exchange rate applicable at each balance date. Earnings for FY2012, FY2013 and FY2014 have been translated at average actual exchange rates applicable to each period.

Foreign exchange rate fluctuations are dependent on general macroeconomic conditions of both the Australian and New Zealand economies and global economic conditions, among other things.

4.6.2 Management's discussion and analysis: Pro Forma Historical Results for FY2014 compared to FY2013

Figure 4.14 sets out the Pro Forma Historical Results for FY2014 and FY2013.

Figure 4.14: Pro Forma Historical Results: FY2014 compared to FY2013

	Pro Forma Historical Results		
$ millions	**FY2013**	**FY2014**	***% change***
Revenue			
SME Solutions	161.4	180.4	*12%*
Practice Solutions	77.1	79.4	*3%*
Enterprise Solutions	37.0	39.5	*7%*
Total revenue	**275.5**	**299.3**	***9%***
COGS	(19.5)	(21.4)	*10%*
Staff related expenses	(101.8)	(110.9)	*9%*
Marketing expenses	(9.0)	(8.4)	*(7)%*
General office/administration expenses	(25.9)	(30.1)	*16%*
Total operating expenses	**(156.2)**	**(170.8)**	***9%***
EBITDA	**119.3**	**128.5**	***8%***
Depreciation	(3.9)	(3.9)	–
Amortisation of capitalised internally developed software	(5.6)	(6.5)	*16%*
EBITA	**109.8**	**118.1**	***8%***
Amortisation of acquired intangibles	(61.4)	(60.1)	*(2)%*
EBIT	**48.4**	**58.0**	***20%***

Refer to Notes in Section 4.3.1.

4.6.2.1 Revenue

Total revenue increased by $23.8 million, or 9%, from $275.5 million in FY2013 to $299.3 million in FY2014.

SME Solutions revenue increased by $19.0 million, or 12%, from $161.4 million in FY2013 to $180.4 million in FY2014, primarily resulting from a 15% increase in Recurring Revenue offset in part by a 28% decrease in perpetual licence revenue as described below.

- Recurring Revenue increased by $22.1 million, or 15%, from FY2013 to FY2014, as a result of:
  - growth in the average Paying User base of 12%, underpinned by growth in the number of cloud users of 81%. Cloud users represented 23% of the total number of Paying Users at the end of FY2014 (approximately 116,000) compared to 14% (approximately 64,000) at the end of FY2013, as new users increasingly adopted cloud solutions and existing users transitioned from desktop products on to cloud products;
  - stable average annual retention rates of the existing Paying User base of 81% in FY2013 and FY2014; and
  - a net ARPU increase of 3% due to product price increases, which were partially offset by a mix shift towards lower price point products (due to the expansion of the Paying User base into the smaller 'micro' SME market).
- Perpetual licence revenue decreased by $3.2 million, or 28%, from FY2013 to FY2014, as new sales shifted to cloud-based subscriptions.
- Given the decrease in perpetual licence revenues, Recurring Revenue increased from 93% of MYOB's total SME Solutions revenue in FY2013 to 95% in FY2014.

Practice Solutions revenue increased by $2.3 million, or 3%, from $77.1 million in FY2013 to $79.4 million in FY2014, primarily due to by a $2.9 million, or 4%, increase in Recurring Revenue, offset in part by a $0.5 million, or 19%, decrease in revenue from payments for new licences. The total number of Practice Solutions users remained stable over this period, with the key driver of revenue growth being price increases across the product range.

Enterprise Solutions revenue increased by $2.4 million, or 7%, from $37.0 million in FY2013 to $39.5 million in FY2014, primarily due to a $2.5 million, or 8%, increase in Recurring Revenue and a $0.1 million, or 2%, increase in revenue from payments for new licences. The key drivers of revenue growth were a 5% increase in the number of Enterprise Solutions users and price increases across the product range in FY2014.

4.6.2.2 Operating expenses

Total operating expenses increased by $14.6 million, or 9%, from $156.2 million in FY2013 to $170.8 million in FY2014, primarily due to:

- an increase in staff related expenses of 9%. This increase primarily resulted from a 6% increase in average headcount due to an expansion of the sales team which works with accountants to increase referrals of SMEs to MYOB's Accounting Solutions products, and product development headcount to deliver new cloud solutions to market, as well as a 3% increase in average staff salaries; and
- an increase in general office/administration expenses of 16%, resulting primarily from unrealised non-cash foreign exchange gains for intercompany trading between MYOB's Australian and New Zealand operations of $1.2 million in FY2013 compared to a foreign exchange loss of $0.8 million in FY2014.

Estimated public company costs of $2.0 million have been included in the pro forma accounts as though MYOB were a public company in each of the reporting periods.

4.6.2.3 EBITDA, EBIT and amortisation

EBITDA increased by $9.2 million, or 8%, from $119.3 million in FY2013 to $128.5 million in FY2014 for the reasons described above. EBITDA margin decreased 0.4% from FY2013 to 43% in FY2014.

EBIT increased by $9.6 million, or 20%, from $48.4 million in FY2013 to $58.0 million in FY2014 for the reasons described above.

Amortisation increased slightly in FY2014 compared to FY2013 due to increased costs associated with internally developed software relating to MYOB's internal CRM systems.

4.6.3 Management's discussion and analysis: Pro Forma Historical Cash Flows for FY2014 compared to FY2013

Figure 4.15 sets out the Pro Forma Historical Cash Flows for FY2014 and FY2013.

Figure 4.15: Pro Forma Historical Cash Flows: FY2014 compared to FY2013

	Pro Forma Historical Cash Flows		
$ millions	**FY2013**	**FY2014**	***% change***
EBITDA	**119.3**	**128.5**	***8%***
Non-cash items in EBITDA	(0.2)	2.0	*NA*
Changes in working capital	(3.2)	2.4	*NA*
Operating free cash flow before capital expenditure	**115.9**	**132.9**	***15%***
Capital expenditure	(18.8)	(20.1)	*7%*
Net free cash flow before financing, tax and dividends	**97.1**	**112.8**	***16%***

Refer to Notes in Section 4.4.1.

4.6.3.1 Operating free cash flow before capital expenditure

Operating free cash flow before capital expenditure of $115.9 million was generated in FY2013 compared to $132.9 million in FY2014.

Key changes are summarised below:

- an 8% improvement in EBITDA year on year;
- an increase in the movement in non-cash items of $2.2 million, driven by an increase in non-cash foreign exchange losses (as described in Section 4.6.2.2); and
- an improvement in working capital year on year, reflecting the timing of payments to creditors around the FY2014 year end.

4.6.3.2 Net free cash flow before financing, tax and dividends

Net free cash flow before financing, tax and dividends of $97.1 million was generated in FY2013 compared to $112.8 million in FY2014.

Capital expenditure of $18.8 million was incurred in FY2013 compared to $20.1 million in FY2014. The increase in FY2014 primarily resulted from a $5.6 million increase in capitalised product development costs (due to the initial development of MYOB Practice Solutions cloud products and increased investment in MYOB Advanced Business), offset in part by a $3.4 million reduction in capital expenditure for property related expenditure in FY2014. FY2013 capital expenditure included $5.1 million related to MYOB's move to its current head office in Melbourne and $1.9 million related to outsourcing of MYOB's data centre.

4.6.4 Management's discussion and analysis: Pro Forma Historical Results for FY2013 compared to FY2012

Figure 4.16 sets out the Pro Forma Historical Results for FY2013 and FY2012.

Figure 4.16: Pro Forma Historical Results: FY2013 compared to FY2012

	Pro Forma Historical Results		
$ millions	**FY2012**	**FY2013**	***% Change***
Revenue			
SME Solutions	150.4	161.4	*7%*
Practice Solutions	74.4	77.1	*4%*
Enterprise Solutions	33.5	37.0	*10%*
Total revenue	**258.3**	**275.5**	***7%***
COGS	(16.7)	(19.5)	*17%*
Staff related expenses	(94.1)	(101.8)	*8%*
Marketing expenses	(9.5)	(9.0)	*(5)%*
General office/administration expenses	(26.7)	(25.9)	*(3)%*
Total operating expenses	**(147.0)**	**(156.2)**	***6%***
EBITDA	**111.3**	**119.3**	***7%***
Depreciation	(3.6)	(3.9)	*8%*
Amortisation of capitalised internally developed software	(4.5)	(5.6)	*24%*
EBITA	**103.2**	**109.8**	***6%***
Amortisation of acquired intangibles	(64.6)	(61.4)	(5)%
EBIT	**38.6**	**48.4**	***25%***

Refer to Notes in Section 4.3.1.

4.6.4.1 Revenue

Total revenue increased by $17.2 million, or 7%, from $258.3 million in FY2012 to $275.5 million in FY2013.

SME Solutions revenue increased by $11.0 million, or 7%, from $150.4 million in FY2012 to $161.4 million in FY2013, primarily resulting from a 12% increase in Recurring Revenue offset in part by a 33% decrease in perpetual licence revenue as described below.

- Recurring Revenue increased by $16.5 million, or 12%, from FY2012 to FY2013, as a result of:
  - growth in the average Paying User base of 9%, underpinned by growth in the number of cloud users of 100%. Cloud users represented 8% of Paying Users at the end of FY2012 (approximately 32,000) compared to 14% at the end of FY2013 (approximately 64,000) as new users increasingly adopted cloud solutions and existing users transitioned from desktop products on to cloud products;
  - an increase in the average annual retention rate of the existing Paying User base from 78% in FY2012 and to 81% in FY2013; and
  - net ARPU increase of 3% due to product price increases which were partially offset by a mix shift towards lower price point products (as a result of the expansion of the Paying User base into the smaller 'micro' SME market).
- Perpetual licence revenue decreased by $5.5 million, or 33%, from FY2012 to FY2013, as new sales shifted to cloud-based subscriptions.
- Given the decrease in perpetual licence revenues, Recurring Revenue increased from 89% of MYOB's total SME Solutions revenue in FY2012 to 93% in FY2013.

Practice Solutions revenue increased by $2.7 million, or 4%, from $74.4 million in FY2012 to $77.1 million in FY2013, primarily due to a $2.9 million, or 4%, increase in Recurring Revenue, offset by a $0.3 million, or 8%, decrease in revenue from payments for new licences.

The total number of Practice Solutions users remained stable over this period, with the key driver of revenue growth being price increases across the product range.

Enterprise Solutions revenue increased by $3.5 million, or 10%, from $33.5 million in FY2012 to $37.0 million in FY2013, resulting primarily due to a $3.4 million, or 14%, increase in Recurring Revenue and stable revenues from payments for new licences. The key drivers of revenue growth were a 5% increase in the number of Enterprise Solutions users and price increases across the product range.

4.6.4.2 Operating expenses

Total operating expenses increased by $9.2 million, or 6%, from $147.0 million in FY2012 to $156.2 million in FY2013, primarily due to an increase in staff related expenses of 8%, as a result of a 5% increase in headcount (to support sales and client services initiatives) and an average annual salary increase of 3%.

Estimated public company costs of $2.0 million have been included in the pro forma accounts as though MYOB were a public company in each of the reporting periods.

4.6.4.3 EBITDA, EBIT and amortisation

EBITDA increased by $8.0 million, or 7%, from $111.3 million in FY2012 to $119.3 million in FY2013 for the reasons described above. EBITDA margin increased 0.2% from FY2012 to 43% in FY2013.

EBIT increased by $9.8 million, or 25%, from $38.6 million in FY2012 to $48.4 million in FY2013 for the reasons described above.

Amortisation increased slightly in FY2013 compared to FY2012 due to increased costs associated with internally developed software relating to MYOB's internal CRM systems.

4.6.5 Management's discussion and analysis: Pro Forma Historical Cash Flows for FY2013 compared to FY2012

Figure 4.17 sets out the Pro Forma Historical Cash Flows for FY2013 and FY2012.

Figure 4.17: Pro Forma Historical Cash Flows: FY2013 compared to FY2012

	Pro Forma Historical Cash Flows		
$ millions	**FY2012**	**FY2013**	***% change***
EBITDA	**111.3**	**119.3**	***7%***
Non-cash items in EBITDA	1.1	(0.2)	*NA*
Changes in working capital	(5.2)	(3.2)	*(38)%*
Operating free cash flow before capital expenditure	**107.2**	**115.9**	***8%***
Capital expenditure	(7.8)	(18.8)	*141%*
Net free cash flow before financing, tax and dividends	**99.4**	**97.1**	***(2)%***

Refer to Notes in Section 4.4.1.

4.6.5.1 Operating free cash flow before capital expenditure

Operating free cash flow before capital expenditure of $107.2 million was generated in FY2012 compared to $115.9 million in FY2013.

Key changes are summarised below:

- a 7% improvement in EBITDA year on year;
- a decrease in the movement in non-cash items of $1.3 million, reflecting movement in non-cash foreign exchange losses (as described in Section 4.6.2.2); and
- an improvement in working capital year on year reflecting movements in unearned revenue based on the number of users switching from maintenance contracts to subscription contracts.

4.6.5.2 Net free cash flow before financing, tax and dividends

Net free cash flow before financing, tax and dividends of $99.4 million was generated in FY2012 compared to $97.1 million in FY2013.

Capital expenditure of $7.8 million was incurred in FY2012 compared to $18.8 million in FY2013. The increase in FY2013 resulted primarily from $5.1 million in capital expenditure related to MYOB's move to its current head office in Melbourne, $1.9 million in capital expenditure related to outsourcing of MYOB's data centre in FY2013 and a $3.2 million increase in capitalised product development costs related mainly to the initial development of MYOB Advanced Business.

4.7 Forecast Financial Information

The Forecast Financial Information is based on various specific and general assumptions, including those set out below. In preparing the Forecast Financial Information, MYOB has undertaken an analysis of historical performance and applied assumptions where appropriate in order to forecast future performance for FY2015, 12 month June-15 and 12 month June-16 and the 1H2015 and 1H2016 periods. MYOB believes that it has prepared the Forecast Financial Information with due care and attention and considers all assumptions when taken as a whole to be reasonable at the time of preparing the Prospectus, including each of the assumptions set forth in Sections 4.7.1 and 4.7.2. However, actual results are likely to vary from those forecasts and any variation may be materially positive or negative.

The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are outside the control of MYOB and its Directors, and are not reliably predictable. Accordingly, none of MYOB, its Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information. The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 4.9, the risk factors set out in Section 5 and the Independent Limited Assurance Report on Forecast Financial Information set out in Section 9. A reconciliation of the Pro Forma Forecast Results to the Statutory Forecast Results and 12 month June Forecast Results is set out in Section 4.3.3.

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by MYOB, which are in accordance with the AAS, and are disclosed in Appendix B. It is assumed that there will be no changes in the AAS, the Corporations Act or other financial reporting requirements that may have a material effect on MYOB's accounting policies during the forecast period.

4.7.1 Specific assumptions

The basis of the specific assumptions that have been used in the preparation of the Pro Forma Forecast Financial Information is set out below.

4.7.1.1 Revenue assumptions

The Forecast Financial Information is based on the following key revenue assumptions:

- SME Solutions – assumes continued growth in Paying Users, in particular cloud users, as a result of a continued shift from desktop to cloud products, in line with historical performance. SME Solutions Paying Users are forecast to grow from approximately 505,000 in December 2014 to approximately 571,000 in June 2016 (representing a CAGR of 9%). Annual product percentage price increases are assumed to remain in line with historical performance (which have been in the mid-single digit percentages). Annual average retention rates of Paying Users are assumed to remain in line with historical performance;
- Practice Solutions – assumes no material shift to cloud products in the forecast period. Annual product price increases are assumed to be in line with historical performance. User base is assumed to remain stable; and
- Enterprise Solutions – assumes a slight shift to cloud products as users continue to move from MYOB EXO (desktop) to MYOB Advanced Business (cloud) products. Annual product price increases are assumed to be in line with historical performance. User base is assumed to remain stable.

4.7.1.2 Cost and other assumptions

The Forecast Financial Information is based on the following key cost assumptions in relation to the forecast period:

- COGS – assumes an increase due to the continued uptake of cloud products, resulting in higher hosting costs with external cloud providers, offset in part by scale efficiencies which are forecast to lower costs per cloud user (refer to Figure 4.2);
- staff related expenses – assumes average salary increases by an average of 3% per annum, and a broadly stable headcount, with seasonal increases for New Zealand and Australian peak periods (March and June), consistent with historic practice;
- marketing expenses – assumes increases by an average of 1% per annum, with a shift in focus from supporting retail channels and direct mail to online and brand related spend;
- general office/administration expenses – assumes decreases by an average 4% per annum driven by operational efficiencies and further synergy savings from previous acquisitions, together with MYOB assuming no unrealised non-cash foreign exchange gains and losses, which were a $0.8 million loss in FY2014 (see Section 4.6.2.2). Includes annual public company costs of $2.0 million in each pro forma forecast period;
- depreciation – assumed to remain stable;
- amortisation – amortisation of acquired intangible assets assumed to continue in line with previous years, with a small increase in the amortisation of capitalised internally developed software due to the commencement of amortisation of the capitalised product development costs related to Practice Solutions and Enterprise Solutions cloud products;
- net finance costs – net finance costs for the period following Completion are based on the New Banking Facilities;
- income tax expense – assumes effective corporate tax rates of 30% and 28% in Australia and New Zealand, respectively;

- working capital – reflects forecast movements in trade and other receivables, inventories and other current assets less movements in trade and other payables, provisions and deferred (unearned) revenues;
- capital expenditure – reflects forecast expenditure on a combination of product development costs related to significant enhancements to new products that have not been released in the market and have not generated any revenue, the development associated with MYOB's internal CRM systems and other property, plant and equipment; and
- exchange rates – assumed to remain constant with the key exchange rate used of 1.10 New Zealand dollars to one Australian dollar.

4.7.2 General assumptions

In preparing the Pro Forma Forecast Financial Information, the following general assumptions have been adopted in relation to the forecast period:

- no material change in the competitive environment in which MYOB operates;
- no significant deviation from current market expectations of Australian or New Zealand economic conditions relevant to the business solutions software sector in Australia or New Zealand;
- no significant interruptions are expected in relation to MYOB's technology, platform and software used by MYOB to deliver services;
- no material change in economic factors (e.g. business formations, business confidence and consumer sentiment);
- no material changes in key personnel, including key management personnel, and MYOB maintains its ability to recruit and retain the personnel required to support future growth;
- no material change in applicable AAS or other mandatory professional reporting requirements of the Corporations Act which have a material effect on MYOB's financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of MYOB;
- no material changes in government regulation and policy;
- the Offer proceeds in accordance with the timetable set out in the Important Information section of this Prospectus;
- no material industry disturbances or disruptions to the continuity of operations of MYOB nor other material changes in its business;
- no material amendment to any material contract, agreement or arrangement or material change in licences and licence providers relating to MYOB's business;
- no material changes in the Australian and New Zealand currency;
- no material adverse impact in relation to litigation or claims (existing or otherwise);
- no material change in MYOB's corporate and funding structure other than as set out in, or contemplated by, this Prospectus;
- no material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus; and
- none of the key risks listed in Section 5 occurs, or if they do, none of them has a material adverse impact on the operations of MYOB.

4.7.3 Statutory Forecast Financial Information

The Statutory Forecast Financial Information is based on the same specific and general assumptions as those underlying the Pro Forma Forecast Financial Information as set out in Sections 4.7.1 and 4.7.2, with the exception of the specific assumptions set out below.

4.7.3.1 Public company costs

Public company costs are assumed to be incurred from 1 May 2015, and reflect MYOB's estimate of the incremental annual costs that the Company will incur as a public entity. These costs include Chairman and other Non-Executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report costs.

4.7.3.2 One-off Offer and other transaction costs

$2.6 million of transaction costs not directly attributable to the Offer will be recognised and paid by MYOB to Bain & Company prior to Completion in respect of consultancy work undertaken by Bain & Company. Bain & Company is not a related entity of, or affiliated with, Bain Capital. In addition, $41.4 million of transaction costs (of which $22.2 million are directly attributable to the Offer and $2.4 million relate to capitalised borrowing costs) will be recognised and paid by MYOB at Completion. A further $7.8 million of Offer transaction costs (which includes up to a maximum of $7.2 million of incentive fees which may be paid by MYOB at its discretion before, at or following Completion) will be paid from MYOB's cash flows from operations subsequent to the Offer. All of these transaction costs (totalling $51.8 million) are reflected in the Statutory Forecast Financial Information for 1H2015 and FY2015 and the 12 month June Forecast Financial Information for 12 month June-15.

4.8 Management's discussion of assumptions relating to the Pro Forma Forecast Financial Information

4.8.1 Management's discussion of assumptions relating to the Pro Forma Forecast Results for FY2015 compared to Pro Forma Historical Result for FY2014

Figure 4.18 sets out the Pro Forma Forecast Results for FY2015 and the Pro Forma Historical Result for FY2014.

Figure 4.18: Pro Forma Forecast Results for FY2015 compared to Pro Forma Historical Result for FY2014

	Pro Forma Historical and Forecast Results			
$ millions	**FY2014**	**FY2015**	**Change**	***% change***
Revenue				
SME Solutions	180.4	201.4	21.0	*12%*
Practice Solutions	79.4	82.6	3.2	*4%*
Enterprise Solutions	39.5	39.0	(0.5)	*(1)%*
Total revenue	**299.3**	**323.0**	**23.7**	***8%***
COGS	(21.4)	(23.8)	(2.4)	*11%*
Staff related expenses	(110.9)	(111.7)	(0.8)	*1%*
Marketing expenses	(8.4)	(8.5)	(0.1)	*1%*
General office/administration expenses	(30.1)	(28.4)	1.7	*(6)%*
Total operating expenses	**(170.8)**	**(172.4)**	**(1.6)**	***1%***
EBITDA	**128.5**	**150.6**	**22.1**	***17%***
Depreciation	(3.9)	(4.9)	(1.0)	*26%*
Amortisation of capitalised internally developed software	(6.5)	(8.0)	(1.5)	*23%*
EBITA	**118.1**	**137.7**	**19.6**	***17%***
Amortisation of acquired intangibles	(60.1)	(56.3)	3.8	*(6)%*
EBIT	**58.0**	**81.4**	**23.4**	***40%***

Refer to Notes in Section 4.3.1.

4.8.1.1 Revenue

Total revenue is forecast to increase by $23.7 million, or 8%, from $299.3 million in FY2014 to $323.0 million in FY2015.

SME Solutions revenue is forecast to increase by $21.0 million, or 12%, from $180.4 million in FY2014 to $201.4 million in FY2015, driven by a 13% increase in Recurring Revenue offset in part by a 14% decrease in perpetual licence revenue.

Key assumptions underpinning forecast SME Solutions revenue are summarised below:

- Recurring Revenue is forecast to increase by $22.1 million, or 13%, from FY2014 to FY2015, as a result of expected:
  - growth in the average Paying User base of 10%, underpinned by continued growth in cloud users as new and existing users continue to take up cloud products, in line with historical performance;
  - lower average annual retention rates of the existing Paying User base of 78%, driven by the continued shift to lower price products which have a slightly higher early life churn, offsetting the generally higher retention rates of cloud versus desktop products; and
  - a net ARPU increase of 3%, resulting from product price increases in line with historical practice and a continued shift towards lower price products;
- perpetual licence revenue is forecast to decrease by $1.1 million, or 14%, from FY2014 to FY2015, as new sales continue to shift to cloud-based subscription payments; and
- given the decrease in perpetual licence revenues, Recurring Revenue is forecast to increase from 95% of MYOB's total SME Solutions revenue in FY2014 to 97% in FY2015.

Practice Solutions revenue is forecast to increase by $3.2 million, or 4%, from $79.4 million in FY2014 to $82.6 million in FY2015. Key assumptions underpinning forecast Practice Solutions revenue are summarised below:

- growth in Recurring Revenue of 5%, or $3.5 million, offset by a $0.4 million, or 19%, decrease in new licence revenue;
- price increases across the product range in line with historic practice; and
- a broadly stable number of Practice Solutions users.

Enterprise Solutions revenue is forecast to decrease by $0.5 million, or 1%, from $39.5 million in FY2014 to $39.0 million in FY2015. Key assumptions underpinning forecast Enterprise Solutions revenue are summarised below:

- growth in Recurring Revenue of 1%, or $0.3 million, offset by a 9%, or $0.7 million, decrease in new licence revenue;
- a mix shift of new sales from MYOB EXO to MYOB Advanced Business; and
- a broadly stable number of Enterprise Solutions users.

4.8.1.2 Operating expenses

Total operating expenses are forecast to increase by $1.6 million, or 1%, from $170.8 million in FY2014 to $172.4 million in FY2015.

Key assumptions underpinning forecast operating expenses are summarised below:

- COGS – to increase 11% due to the continued uptake of cloud products, resulting in higher hosting costs with external cloud providers, offset in part by scale efficiencies which are expected to lower costs per cloud user;
- staff related expenses – to increase 1% driven by annual salary increases and offset by a small decrease in headcount due to increased operational efficiencies;
- marketing expenses – to increase 1% with additional expenditure to focus on cloud and brand related spend; and
- general office/administration expenses – to decrease 6% primarily due to the unrealised non-cash foreign exchange losses in FY2014 together with a reduction in occupancy costs and further synergies from previous acquisitions.

Forecast staff related expenses for FY2015 include $29.0 million in product development costs ($29.1 million in FY2014). Further forecast FY2015 product development costs of $14.1 million ($15.6 million in FY2014) form part of capital expenditure referred to in Figure 4.19.

4.8.1.3 EBITDA, EBIT and amortisation

EBITDA is forecast to increase $22.1 million, or 17%, from $128.5 million in FY2014 to $150.6 million in FY2015. EBITDA margin is forecast to increase 3.7% from FY2014 to 47% in FY2015, as revenue growth is forecast to outpace growth in operating expenses.

EBIT is forecast to increase by $23.4 million, or 40%, from $58.0 million in FY2014 to $81.4 million in FY2015.

Amortisation is forecast to decrease as a result of certain intangible asset categories being fully amortised.

4.8.2 Management's discussion of assumptions relating to the Pro Forma Forecast Cash Flows for FY2015 compared to Pro Forma Historical Cash Flows for FY2014

Figure 4.19 sets out the Pro Forma Forecast Cash Flows for FY2015 and the Pro Forma Historical Cash Flows for FY2014.

Figure 4.19: Pro Forma Forecast Cash Flows for FY2015 compared to Pro Forma Historical Cash Flows for FY2014

	Pro Forma Historical and Forecast Cash Flows			
$ millions	**FY2014**	**FY2015**	**Change**	***% change***
EBITDA	**128.5**	**150.6**	**22.1**	***17%***
Non-cash items in EBITDA	2.0	1.7	(0.3)	*(15)%*
Changes in working capital	2.4	(5.2)	(7.6)	*NA*
Operating free cash flow before capital expenditure	**132.9**	**147.1**	**14.2**	***11%***
Capital expenditure	(20.1)	(17.5)	2.6	*(13)%*
Net free cash flow before financing, tax and dividends	**112.8**	**129.6**	**16.8**	***15%***

Refer to Notes in Section 4.4.1.

4.8.2.1 Operating free cash flow before capital expenditure

Operating free cash flow before capital expenditure is expected to be $147.1 million in FY2015 compared to $132.9 million generated in FY2014.

Expected key changes are summarised below:

- a 17% improvement in EBITDA year on year;
- a decrease in the movement in non-cash items of $0.3 million, with FY2015 excluding non-cash foreign exchange gains or losses which have not been forecast; and
- a deterioration in working capital year on year, reflecting the timing of payments to creditors around the FY2014 year end.

4.8.2.2 Net free cash flow before financing, tax and dividends

Net cash flow before financing, tax and dividends is expected to be $129.6 million in FY2015 compared to $112.8 million generated in FY2014.

Capital expenditure in FY2015 is forecast to be $17.5 million compared to $20.1 million in FY2014, primarily as a result of a forecast $1.5 million reduction in expenditures related to property.

4.8.3 Management's discussion of assumptions relating to the Pro Forma Forecast Results for 12 month June-16 compared to 12 month June-15

Figure 4.20 sets out the Pro Forma Forecast Results for 12 month June-16 and 12 month June-15.

Figure 4.20: Pro Forma Forecast Results for 12 month June-16 compared to 12 month June-15

	12 month June Forecast Results			
$ millions	**12 mnth June-15**	**12 mnth June-16**	**Change**	***% change***
Revenue				
SME Solutions	190.2	214.0	23.8	*13%*
Practice Solutions	80.2	83.4	3.2	*4%*
Enterprise Solutions	38.4	39.0	0.6	*2%*
Total revenue	**308.8**	**336.4**	**27.6**	***9%***
COGS	(22.3)	(24.8)	(2.5)	*11%*
Staff related expenses	(111.8)	(113.3)	(1.5)	*1%*
Marketing expenses	(8.5)	(8.7)	(0.2)	*2%*
General office/administration expenses	(29.8)	(28.9)	0.9	*(3)%*
Total operating expenses	**(172.4)**	**(175.7)**	**(3.3)**	***2%***
EBITDA	**136.4**	**160.7**	**24.3**	***18%***
Depreciation	(4.8)	(4.9)	(0.1)	*2%*
Amortisation of capitalised internally developed software	(7.3)	(9.7)	(2.4)	*33%*
EBITA	**124.3**	**146.1**	**21.8**	***18%***
Amortisation of acquired intangibles	(58.4)	(54.6)	3.8	*(7)%*
EBIT	**65.9**	**91.5**	**25.6**	***39%***

Refer to Notes in Section 4.3.1.

4.8.3.1 Revenue

Total revenue is forecast to increase by $27.6 million, or 9%, from $308.8 million in 12 month June-15 to $336.4 million in 12 month June-16.

SME Solutions revenue is forecast to increase by $23.8 million, or 13%, from $190.2 million in 12 month June-15 to $214.0 million in 12 month June-16, resulting from a 14% increase in Recurring Revenue offset in part by a 37% decrease in perpetual licence revenue. Key assumptions underpinning forecast SME Solutions revenue are summarised below:

- Recurring Revenue is forecast to increase by $26.2 million, or 14%, from 12 month June-15 to 12 month June-16, as a result of expected:
  - growth in the average Paying User base of 9%, underpinned by continued growth in cloud users as new and existing users continue to take up cloud products, in line with historical trends;
  - stable average annual retention rates of the existing Paying User base of 79%, in line with historical trends; and
  - a net ARPU increase of 5%, driven by product price increases in line with historic practice and a moderating shift towards lower price products;
- perpetual licence revenue is forecast to decrease by $2.4 million, or 37%, from 12 month June-15 to 12 month June-16, as new sales continue to shift to cloud-based subscription payments; and
- given the decrease in perpetual licence revenues, Recurring Revenue is forecast to increase from 97% in 12 month June-15 to 98% in 12 month June-16.

Practice Solutions revenue is forecast to increase by $3.2 million, or 4%, from $80.2 million in 12 month June-15 to $83.4 million in 12 month June-16. Key assumptions underpinning forecast Practice Solutions revenue are summarised below:

- growth in Recurring Revenue of 5%, or $3.7 million, partially offset by a $0.5 million, or 23%, decrease in new licence revenue;
- price increases across the product range in line with historic practice; and
- a broadly stable number of Practice Solutions users.

Enterprise Solutions revenue is forecast to increase by $0.6 million, or 2%, from $38.4 million in 12 month June-15 to $39.0 million in 12 month June-16. Key assumptions underpinning forecast Enterprise Solutions revenue are summarised below:

- growth in Recurring Revenue of 5%, or $1.5 million, offset by a 13%, or $0.9 million, decrease in new licence revenue;
- a mix shift of new sales from MYOB EXO to MYOB Advanced Business; and
- a broadly stable number of Enterprise Solutions users.

4.8.3.2 Operating expenses

Total operating expenses are forecast to increase by $3.3 million, or 2%, from $172.4 million in 12 month June-15 to $175.7 million in 12 month June-16.

Key assumptions underpinning forecast operating expenses are summarised below:

- COGS – to increase 11% due to the continued uptake of cloud products, resulting in higher hosting costs with external cloud providers, offset in part by scale efficiencies which are expected to lower costs per cloud user;
- staff related expenses – to increase 1% driven by annual salary increases and offset by a small decrease in headcount due to increased operational efficiencies;
- marketing expenses – to increase 2% with additional expenditure to focus on online and brand related spend; and
- general office/administration expenses – to decrease 3% primarily due to the unrealised non-cash foreign exchange losses in late FY2014, together with a reduction in occupancy costs and further synergies from previous acquisitions.

Forecast staff related expenses for 12 month June-16 include $29.4 million in product development costs ($29.7 million in 12 month June-15). Further forecast 12 month June-16 product development costs of $14.6 million ($13.4 million in 12 month June-15) form part of capital expenditure referred to in Figure 4.21.

4.8.3.3 EBITDA, EBIT and amortisation

EBITDA is forecast to increase by $24.3 million, or 18%, from $136.4 million in 12 month June-15 to $160.7 million in 12 month June-16. EBITDA margin is forecast to increase by 3.6% from 12 month June-15 to 48% in 12 month June-16, as revenue growth is expected to outpace growth in operating expenses.

EBIT is forecast to increase by $25.6 million, or 39%, from $65.9 million in 12 month June-15 to $91.5 million in 12 month June-16.

Amortisation is forecast to decrease as a result of certain intangible asset categories being fully amortised.

4.8.4 Management's discussion of assumptions relating to the Pro Forma Forecast Cash Flows for 12 month June-16 compared to 12 month June-15

Figure 4.21 sets out the Pro Forma Forecast Cash Flows for 12 month June-16 and 12 month June-15.

Figure 4.21: Pro Forma Forecast Cash Flows for 12 month June-16 compared to 12 month June-15

	12 month June Forecast Cash Flows			
$ millions	12 mnth June-15	12 mnth June-16	Change	*% change*
EBITDA	**136.4**	**160.7**	**24.3**	***18%***
Non-cash items in EBITDA	2.1	0.8	(1.3)	*(62)%*
Changes in working capital	(7.3)	(1.3)	6.0	*(82)%*
Operating free cash flow before capital expenditure	**131.2**	**160.2**	**29.0**	***22%***
Capital expenditure	(16.9)	(16.7)	0.2	*(1)%*
Net free cash flow before financing, tax and dividends	**114.3**	**143.5**	**29.2**	***26%***

Refer to Notes in Section 4.4.1.

4.8.4.1 Operating free cash flow before capital expenditure

Operating free cash flow before capital expenditure is expected to be $160.2 million in 12 month June-16 compared to $131.2 million in 12 month June-15.

Expected key changes are summarised below:

- an 18% improvement in EBITDA year on year;
- a decrease in the movement in non-cash items of $1.3 million, with 12 month June-16 excluding non-cash foreign exchange gains or losses which have not been forecast; and
- an improvement in working capital year on year, reflecting movements in unearned revenue and seasonal timing of payments to creditors and receipts from debtors.

4.8.4.2 Net free cash flow before financing, tax and dividends

Net cash flow before financing, tax and dividends is expected to be $143.5 million in 12 month June-16 compared to $114.3 million in 12 month June-15.

Capital expenditure in 12 month June-16 is expected to remain broadly stable at $16.7 million compared to $16.9 million in 12 month June-15.

4.8.5 Management's discussion of assumptions relating to the Pro Forma Forecast Results for 1H2016 compared to 1H2015

Figure 4.22 sets out the Pro Forma Forecast Results for 1H2016 and 1H2015.

Figure 4.22: Pro Forma Forecast Results for 1H2016 compared to 1H2015

	Pro Forma Forecast Results			
$ millions	**6 mnth 1H2015**	**6 mnth 1H2016**	**Change**	***% change***
Revenue				
SME Solutions	97.8	110.4	12.6	*13%*
Practice Solutions	41.3	42.1	0.8	*2%*
Enterprise Solutions	19.2	19.2	–	–
Total revenue	**158.3**	**171.7**	**13.4**	***8%***
COGS	(11.7)	(12.7)	(1.0)	*9%*
Staff related expenses	(56.9)	(58.5)	(1.6)	*3%*
Marketing expenses	(4.5)	(4.7)	(0.2)	*4%*
General office/administration expenses	(14.4)	(14.9)	(0.5)	*3%*
Total operating expenses	**(87.5)**	**(90.8)**	**(3.3)**	***4%***
EBITDA	**70.8**	**80.9**	**10.1**	***14%***
Depreciation	(2.5)	(2.5)	–	–
Amortisation of capitalised internally developed software	(4.0)	(5.7)	(1.7)	*43%*
EBITA	**64.3**	**72.7**	**8.4**	***13%***
Amortisation of acquired intangibles	(27.8)	(26.1)	1.7	*(6)%*
EBIT	**36.5**	**46.6**	**10.1**	***28%***

Refer to Notes in Section 4.3.1.

4.8.5.1 Revenue

Total revenue is forecast to increase by $13.4 million, or 8%, from $158.3 million in 1H2015 to $171.7 million in 1H2016.

SME Solutions revenue is forecast to increase by $12.6 million, or 13%, from $97.8 million in 1H2015 to $110.4 million in 1H2016, resulting from a 17% growth in Recurring Revenue offset in part by a 74% decrease in perpetual licence revenue. Key assumptions underpinning forecast SME Solutions revenue are summarised below:

- Recurring Revenue is forecast to increase by $15.5 million, or 17%, from 1H2015 to 1H2016, as a result of expected:
  - growth in the average Paying User base of 9%, underpinned by continued growth in cloud users as new and existing users continue to take up cloud products, in line with historical trends;
  - slight improvement in annual retention rates of the existing Paying User base to 81%, due to the stabilisation in product mix; and
  - a net ARPU increase of 7%, which is higher than historical performance, as a result of product price increases in line with historical practice and a positive product mix shift as a result of purchasing Connected Services such as payroll product add-ons to their base products;
- perpetual licence revenue is forecast to decrease by $2.9 million, or 74%, from 1H2015 to 1H2016, as new sales continue to shift to cloud-based subscription payments; and
- given the decrease in perpetual licence revenues, Recurring Revenue is forecast to increase from 96% in 1H2015 to 99% in 1H2016.

Practice Solutions revenue is forecast to increase by $0.8 million, or 2%, from $41.3 million in 1H2015 to $42.1 million in 1H2016. Key assumptions underpinning forecast Practice Solutions revenue are summarised below:

- growth in Recurring Revenue of 3%, or $1.1 million, offset by a $0.3 million, or 35%, decrease in new licence revenue;
- price increases across the product range in line with historic practice; and
- a broadly stable number of Practice Solutions users.

Enterprise Solutions revenue is forecast to remain flat at $19.2 million from 1H2015 to 1H2016. Key assumptions underpinning forecast Enterprise Solutions revenue are summarised below:

- growth in Recurring Revenue of 6%, or $0.9 million, offset by a $0.9 million, or 26%, decrease in new licence revenue;
- a mix shift of new sales from MYOB EXO to MYOB Advanced Business; and
- a broadly stable number of Enterprise Solutions users.

4.8.5.2 Operating expenses

Total operating expenses are forecast to increase by $3.3 million, or 4%, from $87.5 million in 1H2015 to $90.8 million in 1H2016.

Key assumptions underpinning forecast operating expenses are summarised below:

- COGS – to increase 9% due to the continued uptake of cloud products, resulting in higher hosting costs with external cloud providers, offset in part by scale efficiencies which are expected to lower costs per cloud user;
- staff related expenses – to increase 3% driven by annual salary increases and offset by a small decrease in headcount due to increased operational efficiencies;
- marketing expenses – to increase 4% with additional spend to focus on online and brand related spend; and
- general office/administration expenses – to increase 3% primarily due to forecast inflationary increases across certain general cost categories.

4.8.5.3 EBITDA, EBIT and amortisation

EBITDA is forecast to increase by $10.1 million, or 14%, from $70.8 million in 1H2015 to $80.9 million in 1H2016. EBITDA margin is forecast to increase by 2.4% from 1H2015 to 47% in 1H2016, as revenue growth is expected to outpace growth in operating expenses.

EBIT is forecast to increase by $10.1 million, or 28%, from $36.5 million in 1H2015 to $46.6 million in 1H2016.

Amortisation is forecast to decrease as a result of certain intangible asset categories being fully amortised.

4.8.6 Management's discussion of assumptions relating to the Pro Forma Forecast Cash Flows for 1H2016 compared to 1H2015

Figure 4.23 sets out the Pro Forma Forecast Cash Flows for 1H2016 and 1H2015.

Figure 4.23: Pro Forma Forecast Cash Flows for 1H2016 compared to 1H2015

	Pro Forma Forecast Cash Flows			
$ millions	**6 mnth 1H2015**	**6 mnth 1H2016**	**Change**	***% change***
EBITDA	**70.8**	**80.9**	**10.1**	***14%***
Non-cash items in EBITDA	1.3	0.4	(0.9)	*(69)%*
Changes in working capital	(4.8)	(0.9)	3.9	*(81)%*
Operating free cash flow before capital expenditure	**67.3**	**80.4**	**13.1**	***19%***
Capital expenditure	(9.2)	(8.4)	0.8	*(9)%*
Net free cash flow before financing, tax and dividends	**58.1**	**72.0**	**13.9**	***24%***

Refer to Notes in Section 4.4.1.

4.8.6.1 Operating free cash flow before capital expenditure

Operating free cash flow before capital expenditure is expected to be $80.4 million in 1H2016 compared to $67.3 million in 1H2015.

Expected key changes are summarised below:

- a 14% improvement in EBITDA year on year;
- a decrease in the movement in non-cash items of $0.9 million, reflecting a reduction in forecast share-based payments; and
- an improvement in working capital year on year, reflecting the seasonal timing of payments to creditors at the end of FY2014.

4.8.6.2 Net free cash flow before financing, tax and dividends

Net cash flow before financing, tax and dividends is expected to be $72.0 million in 1H2016 compared to $58.1 million in 1H2015.

Capital expenditure in 1H2016 is expected to be broadly stable at $8.4 million compared to $9.2 million in 1H2015.

4.9 Sensitivity analysis of Forecast Financial Information

The Forecast Financial Information is based on a number of specific and general assumptions, as described in Sections 4.7.1 and 4.7.2. These specific and general assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of MYOB, the Directors and management, and upon assumptions with respect to future business decisions, which are subject to change.

Set out in Figure 4.24 is a summary of the sensitivity of the Pro Forma Forecast Results to changes in a number of key assumptions. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown, and these variances may be substantial.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely key impact on the Pro Forma Forecast Results, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that MYOB management would respond to an adverse change in one item to seek to minimise the net effect on MYOB's earnings and cash flow.

For the purpose of the sensitivity analysis in Figure 4.24, each sensitivity is presented in terms of the impact on FY2015 pro forma forecast NPATA of $84.8 million and 12 month June-16 pro-forma forecast NPATA of $90.7 million.

Figure 4.24: Sensitivity analysis on pro forma forecast NPATA for FY2015 and 12 month June-16

Assumptions	Notes	Increase/decrease	FY2015 pro forma NPATA impact ($ millions)	12 mnth June-16 pro forma NPATA impact ($ millions)
SME Solutions				
Growth in number of Paying Users	1	+/– 100 bps	+/– 1.3	+/– 1.4
Average revenue per Paying User (ARPU)	2	+/– 100 bps	+/– 1.4	+/– 1.5
Practice Solutions				
Growth in number of Paying Users	3	+/– 100 bps	+/– 0.5	+/– 0.5
Average revenue per Paying User (ARPU)	4	+/– 100 bps	+/– 0.6	+/– 0.6
Other				
Interest rate	5	+/– 50 bps	–/+ 1.5	–/+ 1.5
Effective tax rate	6	+/– 100 bps	–/+ 1.2	–/+ 1.3
Staff related expenses	7	+/– 100 bps	–/+ 0.8	–/+ 0.8

Notes:
1. Sensitivity based on +/– 100 bps movement in number of Paying Users for SME Solutions.
2. Sensitivity based on +/– 100 bps movement in ARPU for SME Solutions.
3. Sensitivity based on +/– 100 bps movement in number of Paying Users for Practice Solutions.
4. Sensitivity based on +/– 100 bps movement in ARPU for Practice Solutions.
5. Sensitivity based on +/– 50 bps movement in the BBSW rate used to calculate MYOB's interest expense and interest income.
6. Sensitivity based on +/– 100 bps movement in the effective tax rate used to calculate MYOB's taxation expense.
7. Sensitivity based on +/– 100 bps movement in total MYOB staff related expenses (as disclosed in Figure 4.2 in Section 4.3.1).

4.10 Dividend policy

The payment of a dividend by MYOB is at the discretion of the Directors and will be a function of a number of factors, including the general business environment, the operating results and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.

It is the current intention of the Board to target a dividend payout ratio of between 60% and 80% of MYOB's annual statutory NPATA. It is the current intention of the Board to declare a final dividend in respect of the 6 months ending 31 December 2015, and an interim dividend in respect of the half year ending 30 June 2016 in line with the target dividend payout ratio. No dividend is expected to be paid for the period to 30 June 2015.

Beyond this, and having regard to the factors outlined above, it is the Board's current intention to target a dividend payout ratio between 60% and 80% of annual statutory NPATA. Depending on available profits and the financial position of the Company, it is the intention of the Board to declare interim dividends in respect of half years ending 30 June and final dividends in respect of half years ending 31 December each year.

MYOB expects that dividends will be unfranked until at least the financial year ending 31 December 2017 due to the utilisation of historical tax losses as at 31 December 2014, and the generation of additional tax losses in FY2015 due to the significant one-off expenses incurred. The date of any franked dividend will depend on the amount of tax payable by MYOB.

No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend.

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5

Risks

5 Risks

5.1 Introduction

This Section 5 describes some of the potential risks associated with MYOB's business and the industry in which it operates and risks associated with an investment in Shares. It does not purport to list every risk that may be associated with MYOB's business or the industry in which it operates, or an investment in Shares, now or in the future. The occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of MYOB, its Directors and its management team.

The selection of risks has been based on an assessment by MYOB of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on the knowledge of both the Directors and senior management as at the Prospectus Date, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge.

There can be no guarantee that the Company will deliver on its business strategy, or that the Forecast Financial Information or any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for them, having regard to their investment objectives, financial circumstances and taxation position. If an investor is unclear in relation to any matter or is uncertain as to whether the Company is a suitable investment for them, they should seek advice from their stockbroker, solicitor, accountant, financial adviser or other independent professional adviser prior to deciding whether to invest in the Company.

5.2 Business risk factors

5.2.1 Failure to retain existing clients and attract new business

MYOB's business is dependent on its ability to retain its existing users and attract new users. The Company's business relies on its users making perpetual and new licence, maintenance and cloud subscription payments under fixed term or ongoing contracts, exposing it to the risk of such underlying contracts being cancelled or not being renewed, possibly on short notice, by the user.

Accountants have the ability to influence an SME's selection of Accounting Software. Accountants may stop recommending MYOB software to SMEs, or start recommending competing products to current MYOB clients. In addition, existing SME, accountant and larger enterprise users may independently begin using competitors' products.

The foregoing may occur for a number of reasons, including failure by MYOB to deploy sufficient resources to obtain accountant recommendations, more successful targeting of SMEs, accountants and larger enterprises by competitors, the introduction of a competing product that is perceived by SMEs, accountants (for the purposes of their recommendations to SMEs or their own use) or larger enterprises to be superior or the introduction of a product by MYOB which is perceived as inferior.

Any such event could reduce MYOB's overall client base, which could have an adverse impact on MYOB's business, financial performance and operations.

5.2.2 Failure to grow Paying User base

MYOB may not be able to successfully implement its strategy of increasing its Paying User base, either due to a failure to migrate its clients to cloud solutions or assumptions underlying its forecasts not materialising.

MYOB has invested heavily in developing cloud solutions. There is a risk that the market for cloud software develops more slowly than MYOB expects and that cloud software does not achieve and sustain high levels of client demand and market acceptance. Even if cloud software develops rapidly, there is an inherent risk in change management (i.e. migrating MYOB's clients to the cloud), as well as a potential need to increase investment in product development to meet client needs and demands. A failure to meet such requirements could result in a loss of clients.

A failure of MYOB's cloud products in any of these respects could impact MYOB's business, financial performance and operations.

5.2.3 Failure to increase average revenue per Paying User

There is a risk that MYOB may not be able to increase its average revenue per Paying User. This may occur if it is unable to successfully introduce future price increases, for example due to competitive pressure. MYOB may also fail to increase average revenue per Paying User if its users do not wish to acquire Connected Services or if its users favour products with lower price points.

MYOB is currently in the process of seeking to encourage its users to adopt cloud solutions. Providers of business management software typically generate greater revenues over the short term from desktop users who purchase perpetual and new licences than from cloud users who do not pay upfront under a subscription arrangement. If this migration occurs faster than anticipated, MYOB's near term earnings and cash flow may be adversely affected.

5.2.4 Decline in Australian or New Zealand general economic and sector conditions

MYOB currently provides software and services to over 1.2 million SMEs, 40,000 accountants and 6,400 larger enterprises in Australia and New Zealand who are susceptible to changes in economic conditions in Australia and New Zealand. The volume of new users is tied closely to the number of new SMEs that are created.

There is a risk that a downturn in the Australian or New Zealand economy could negatively impact businesses (including the number of SMEs being formed) and accountants. It could also lead to MYOB's clients closing their businesses or reducing the size of their businesses, or seeking to reduce their expenses. These are outcomes that may ultimately have an adverse impact on MYOB's business, financial performance and operations if users stop using or reduce their use of MYOB products.

5.2.5 MYOB operates in a competitive industry

MYOB's operating performance is influenced by a number of competitive factors including the success and awareness of its brand, the loyalty of its user base, its relationship with accountants, the scope of its product offering and its commitment to ongoing product innovation.

MYOB competes against other providers of software and services and any change in the foregoing competitive factors or others may impact MYOB's ability to retain existing users and attract new users. As such, there is a risk that:

- existing competitors could increase their competitive position through aggressive marketing campaigns, product innovation or price discounting;
- MYOB could seek to implement changes to existing software products that are not well received by clients or that do not function as intended;
- MYOB may fail to anticipate and adapt to technology changes or client expectations at the same rate as that of competitors; and
- new competitors could enter the markets within which MYOB operates, particularly as the markets continue to move from desktop software to cloud software; or existing Enterprise Software providers, some of whom are very large international companies with ready access to capital and service enterprises around the world, increase their focus more on Tier 2 and 3 Enterprises in Australia and New Zealand.

These factors could in turn have an adverse impact on MYOB's business, financial performance and operations.

5.2.6 Investment in product development, maintenance and support

MYOB's business relies on continued investment in its product suite. There is a risk that in upgrading current products or introducing new products, MYOB may need to:

- spend more on product development than anticipated (particularly if new technologies or delivery mechanisms are developed or deployed by its competitors); or
- successfully respond to new accounting standards, government regulations, technological developments and market opportunities.

This could lead to reduced returns on new products as well as delays in taking products to market. There is also a risk that MYOB users receive inadequate support as they migrate to the cloud, which could affect the client experience and MYOB's brand, adversely impacting MYOB's business, financial performance and operations.

5.2.7 Relationships with third party IT suppliers

MYOB relies on certain contracts with third party suppliers to maintain and support its IT infrastructure, particularly related to its cloud services. For instance, MYOB relies on contracts with Macquarie Telecom, Microsoft Azure and Amazon Web Services for the provision of data centres for its key cloud products. If any such contracts are terminated for any reason, this could impact MYOB's operations and overall profitability.

MYOB could face significant additional cost or business disruption if:

- any such providers fail to enable MYOB to provide its users with reliable, real-time access to its products and any of the data of its users stored in such data centres. From time to time, MYOB has experienced minor service outages in connection with data centres operated by third party providers. Any material future outages could cause damage to MYOB's brand, reputation and user relationships; or
- MYOB's arrangements with such providers are terminated or altered in a way that is detrimental to MYOB and MYOB cannot find alternative sources of technology or systems on commercially reasonable terms or on a timely basis.

5.2.8 IT infrastructure

MYOB and its cloud users are dependent on the performance, reliability and availability of MYOB's technology platforms, third party data centres and global communications systems (including servers, the internet, hosting services and the cloud environment in which it provides its products).

MYOB may fail to design, build and maintain a technology platform which is appropriate to its business in the future. Some examples of how MYOB's technology platform may be compromised, and operational issues that MYOB may experience which are beyond MYOB's control, include:

- outages at third party data centres that host MYOB's products;
- external malicious interventions such as hacking; or
- a force majeure event that affects the information technology systems of either MYOB or its suppliers, including interruption by fire, natural disaster, power loss, telecommunications failures, terrorist attacks, acts of war, internet failures, computer viruses or other events beyond MYOB's control.

If MYOB's technology platform is compromised or suppliers' redundancy infrastructure and systems prove insufficient, MYOB's ability to reliably service its users may be compromised, which in turn may have a material adverse effect on MYOB's brand, reputation and user relationships. This, may have an adverse impact on MYOB's business, financial performance and operations.

5.2.9 Security breach and data privacy

MYOB's products involve the storage and transmission of its clients' proprietary information, including personal or identifying information regarding their employees, clients and suppliers, as well as their finance and payroll data. It is possible that the measures taken by MYOB will not be sufficient to prevent unauthorised access to, or disclosure of, confidential information.

Any accidental or wilful security breaches or other unauthorised access to MYOB's clients' data may subject MYOB to reputational damage, claims by users, loss of key users, legal action and regulatory scrutiny.

Clients' financial data files stored in centralised servers under cloud products require additional security protection that desktop software does not, so the potential impact of this risk becomes more significant as the number of users of MYOB's cloud products grows.

Any broader data security issues experienced by cloud or internet companies in Australia and New Zealand (or elsewhere) could adversely impact trust in cloud solutions generally, which may have a material adverse effect on MYOB's ability to migrate users to its cloud products and generate revenue growth.

Furthermore, privacy concerns of MYOB's clients, whether or not valid, may cause MYOB's clients to resist adopting cloud solutions or to resist providing the personal data necessary to use MYOB's products effectively.

5.2.10 Reputational damage

The MYOB brand is important in attracting and maintaining clients. Negative publicity associated with MYOB, for example as a result of poor client service, a data security breach or a poor product release or functionality (particularly with regard to functions relating to payments and tax compliance), may damage its reputation, potentially reducing MYOB's client base and ability to attract new clients, and thus adversely impacting the Company's business, financial performance and operations.

5.2.11 Breach of third party intellectual property rights

MYOB relies on innovation in order to ensure its products remain competitive. There is a risk that in pursuing product innovations, or purchasing intellectual property from third parties, MYOB may breach the intellectual property rights of one or more third parties. This could result in disputes or litigation which could cause delays, increase costs or have an adverse impact on MYOB's business, reputation, financial performance and operations. This could also require MYOB to cease using the disputed intellectual property rights, which could lead to a reduction in revenue, a loss of goodwill and/or a gap in product functionality.

5.2.12 Failure to protect intellectual property rights

MYOB relies on its intellectual property rights (including trade secrets, copyright in or relating to its software products and trademarks). MYOB may fail to protect its intellectual property rights for a number of reasons. Monitoring unauthorised use of MYOB's intellectual property is difficult and may require the commitment of a large amount of financial resources. MYOB may be unable to detect the unauthorised use of its intellectual property rights.

Actions taken by MYOB to protect its intellectual property may not be adequate or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar software solutions by others.

If there has been a failure to protect MYOB's intellectual property, MYOB may need to initiate litigation, such as infringement or administrative proceedings, to assert and protect its intellectual property rights. Litigation can be costly, lengthy and unpredictable and may result in an unfavourable determination against MYOB. Any failure to adequately protect intellectual property rights may adversely impact MYOB's business, financial performance and operations.

5.2.13 Ability to attract and retain key personnel

MYOB's success depends upon the continued services of its key executive officers and senior leadership team (including key members of its technology team). While MYOB strives to retain key personnel, the loss of one or more key personnel may adversely impact MYOB's business, financial performance and operations.

5.2.14 Integration of acquired businesses and execution of new acquisitions

MYOB has expanded through acquisitions in the past and may do so in the future. Future acquisitions present challenges and risks relating to the integration of each business into MYOB's operations. The acquired businesses could consume a disproportionately large amount of management time and attention during integration, and the acquisitions may fail to meet strategic objectives, generate the anticipated improvement in financial performance, or produce other expected synergies.

MYOB has undertaken financial, business and other analysis in respect of its past acquisitions, and expects to do so in respect of any future acquisitions. It is possible that such analysis drew (or will draw) conclusions and forecasts that were (or may be) inaccurate, or which will not be realised in due course, that may in turn adversely impact MYOB's business, financial performance and operations.

Any future proposals to expand by acquisition may be affected by factors beyond the control of MYOB (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition opportunities at the relevant time.

5.2.15 Failure to keep abreast of changes in political and regulatory environments

MYOB's business is influenced and affected by laws, accounting standards and government policy in Australia and New Zealand. If MYOB does not deliver software that accurately responds to relevant changes in laws, accounting standards and government policies, it could adversely impact its business, financial performance and operations.

In particular, the legal and regulatory framework for privacy issues is rapidly evolving and likely to remain uncertain for the foreseeable future. In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards. Any new or changed laws or regulations (in particular relating to areas such as data privacy or internet regulation) could require MYOB to increase its spending on regulatory compliance and/or change its business practices, which could adversely affect MYOB's profitability.

5.2.16 Ability to access capital markets or refinance debt on attractive terms

MYOB has historically relied on debt and equity funding to help fund its business operations. MYOB's New Banking Facilities will require refinancing in the future. MYOB may also seek to raise additional debt finance or new equity in the future to maintain or grow its business. Any deterioration in the level of liquidity in the debt and equity markets may prevent MYOB from being able to refinance some or all of its debt on favourable terms (if at all), or raise new equity. This may adversely impact MYOB's business, financial performance and operations.

5.2.17 Interest rate fluctuations

Changes in interest rates will affect borrowings which bear interest at floating rates such as MYOB's New Banking Facilities, to the extent MYOB has not hedged against this interest rate risk. Any increase in interest rates will affect MYOB's cost of servicing these borrowings, which may adversely impact its business, financial performance and operations.

5.2.18 Adverse movements in exchange rates may occur

MYOB's financial statements are presented in Australian dollars. However, a portion of the Company's sales revenue, expenditures and cash flows are generated in, and assets and liabilities are denominated in, New Zealand dollars. As a result, any foreign exchange rate movements could adversely impact the Company's business, financial performance and operations.

5.2.19 Litigation

MYOB may in the ordinary course of business be involved in litigation and disputes, for example with suppliers or customers. Any litigation or dispute could be costly and damaging to MYOB's reputation and business relationships, which could have an adverse effect on its financial performance and industry standing.

5.2.20 Impairment of goodwill and other assets

A substantial portion of MYOB's total assets consist of goodwill and certain other assets including brands, customer relationships, commercialised software, acquired intellectual property and capitalised internally developed software that may become impaired. As required under A-IFRS, MYOB tests goodwill and certain intangible and other assets annually, and on an interim date if impairment indicators become apparent that would require an interim test of these assets. If the carrying value of goodwill and certain other assets is revised downward due to impairment, such changes could materially affect MYOB's financial position.

5.3 Investment risk factors

5.3.1 Price of Shares

The price of Shares quoted on ASX may rise or fall, and the Shares may trade below or above the Final Price due to a number of factors, including:

- general economic conditions, including interest rates, exchange rates, inflation rates and commodity prices;
- fluctuations in the local and global market for listed stocks;
- changes to government policy, legislation or regulation;
- inclusion in or removal from market indices (including the S&P/ASX 200 Index);
- the nature of markets in which the Company operates;
- general and operational business risks;
- natural disasters; and
- global hostilities, tensions and acts of terrorism.

There is no assurance that the price of the Shares will increase following their quotation on ASX, even if MYOB's earnings increase.

5.3.2 Trading in Shares may not be liquid

Prior to the Offer, there has been no public market in the Shares. Once the Shares are quoted on ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

Bain Capital will not sell any of its Shares in the Offer. On Completion, Bain Capital will hold approximately 57% of all Shares, calculated on the basis of a Mid-Point Final Price and 50% Retail Note Exchange. Bain Capital has entered into an escrow arrangement in relation to its Shares, which is described in detail at Section 7.9.1.

On Completion, Management Shareholders will hold approximately 3% of the total issued Share capital of the Company, calculated on the basis of a Mid-Point Final Price and 50% Retail Note Exchange. Management Shareholders have entered into escrow arrangements in relation to all of their Shares other than those they may acquire under the Offer, which are described in detail at Section 7.9.2.

In each case, the escrow restrictions are subject to certain exceptions as set out in more detail in Section 7.9. The absence of any sale of escrowed Shares by the Escrowed Shareholders during the period for which their Shares are subject to escrow restrictions may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares. It is important to recognise that Shareholders may receive a market price for their Shares that is less than the price that Shareholders paid.

Following the end of the relevant escrow period, a significant sale of Shares by Bain Capital or the Management Shareholders, or the perception that such sales might occur, could adversely affect the market price of the Shares.

5.3.3 Bain Capital will retain a significant holding

Bain Capital will not sell any of its Shares in the Offer. On Completion, Bain Capital will hold approximately 57% of all Shares, calculated on the basis of a Mid-Point Final Price and 50% Retail Exchange. At this (and potentially lower) significant shareholdings, Bain Capital will have the ability to influence the appointment of Directors and new management, as well as the outcome of matters submitted to meetings of Shareholders on which it can vote. Bain Capital has entered into a Relationship Deed with the Company, which is described in Section 10.7.2.

5.3.4 Inability to pay dividends or make other distributions

MYOB's ability to pay dividends or make other distributions in the future is contingent on its profits.

Moreover, to the extent that MYOB pays any dividends, its ability to offer fully franked dividends is contingent on it making taxable profits. The Company's taxable profits may be volatile, making the forecasting and payment of dividends difficult and unpredictable.

MYOB expects that dividends will not be franked until at least the financial year ending 31 December 2017 due to the utilisation of historical tax losses as at 31 December 2014, and the generation of additional tax losses in FY2015 due to the significant one-off expenses incurred. The date of any franked dividend will depend on the amount of tax payable by MYOB.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.3.5 Shareholder dilution

In the future, the Company may elect to issue Shares or engage in capital raisings to fund acquisitions that the Company may decide to make. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.

5.3.6 Taxation changes

There is the potential for further changes to Australia's and New Zealand's tax laws. Any change to the current rates of taxes imposed on the Company (including in foreign jurisdictions in which the Company operates) is likely to affect returns to Shareholders.

An interpretation of taxation laws by the relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax to be paid. The Company obtains external expert advice on the application of the tax laws to its operations.

In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective Shareholder is encouraged to obtain professional tax advice in connection with any investment in MYOB.

5.3.7 Australian Accounting Standards

AAS are set by the AASB and are outside the control of the Company and its Directors. The AASB is due to introduce new or refined AAS during the period from 2015 to 2018, which may affect future measurement and recognition of key income statement and balance sheet items, including revenue and receivables. Proposed amendments to AASB 15 Revenue from Contracts with Customers will be effective for the first interim period within annual reporting periods beginning on or after 1 January 2017, and will allow early adoption. Management has performed an initial assessment of the impact which indicates there is likely to be a change in the recognition of commission costs. AASB 15 requires that incremental costs of obtaining a contract are capitalised and expensed over the contract period. Under the current accounting policies, these costs are expensed as they occur. Management has not yet determined the financial impact of the change. Based on the guidance, management does not expect the recognition and measurement of revenue to materially change under the new standard but has not yet completed its final assessment.

There is also a risk that interpretations of existing AAS, including those relating to the measurement and recognition of key income statement and balance sheet items, including revenue and receivables, may differ. Changes to AAS issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Company's consolidated financial statements.

5.3.8 Force majeure events

Events may occur within or outside Australia and New Zealand that could impact upon the Australian and New Zealand economies, the operations of the Company and the price of the Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. The Company has only a limited ability to insure against some of these risks.

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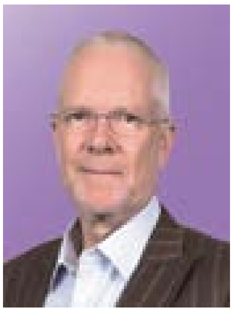
6

Key People, Interests and Benefits

6 Key People, Interests and Benefits

6.1 Board of Directors

The Directors bring to the Board relevant experience and skills including commercial and industry knowledge, financial management and corporate governance.



Justin Milne (Independent Non-Executive Director, Chairman)

- Justin Milne was appointed Chairman of MYOB in 2015.
- Justin serves on the boards of a number of listed and unlisted companies. He is Chairman of NetComm Wireless, an ASX-listed developer and supplier of communication devices. He is also a non-executive director of the Australian Federal Government telecommunications provider NBN Co, Members' Equity Bank, ASX-listed gaming and entertainment company Tabcorp, and ASX-listed consulting firm SMS Management & Technology.
- Prior to assuming these roles, Justin held executive positions in the technology sector including Group Managing Director of Telstra's BigPond broadband and media businesses and CEO of OzEmail and the Microsoft Network.
- Justin holds a Bachelor of Arts from Flinders University and is a Member of the Australian Institute of Company Directors.

Tim Reed (Executive Director, Chief Executive Officer)

- Tim Reed joined the MYOB Group in July 2004 when it acquired accounting software developer Solution 6. Tim was appointed CEO in 2008 after spending over four years in management roles including Managing Director of MYOB Australia and MYOB Group Product Executive.
- Throughout his time with the MYOB Group, Tim has overseen the business' growth and its expansion into cloud products and Connected Services, including the acquisition of BankLink in 2013. He also led the creation of the Enterprise Division via the acquisitions of Commac and Exonet in 2007 and PayGlobal in 2014.
- Prior to joining the MYOB Group, Tim worked in Silicon Valley within a number of companies in global technology and internet markets.
- Tim is a Member of the Business Council of Australia and the Business Advisory Panel of the Minister for Small Business.
- Tim holds a Master of Business Administration from Harvard Business School, graduating as Baker Scholar, and a Bachelor of Commerce (Honours) from the University of Melbourne.

Andrew Stevens (Independent Non-Executive Director)

- Andrew Stevens was appointed Non-Executive Director of MYOB in 2015 and also serves as Chairman of the Audit and Risk Management Committee.
- Andrew is a director of the Committee for Economic Development of Australia (CEDA) and an Honorary Member of the Business Council of Australia, and was appointed by the Australian Federal Minister for Industry and Science as Chairman of the Advanced Manufacturing Growth Centre. Andrew also serves as non-executive director of the Australian Chamber Orchestra and the Greater Western Sydney Football Club.
- Andrew previously served as Managing Director of IBM Australia and New Zealand from 2011 to 2014, having joined IBM as part of its acquisition of PwC Management Consulting in 2002. Prior to the merger, Andrew was Chief Operating Officer of PwC Management Consulting, Asia Pacific.
- Andrew holds a Master of Commerce, majoring in Marketing, and a Bachelor of Commerce, majoring in Accounting, Finance and Systems. Andrew is a Member of the Institute of Chartered Accountants in Australia.

Anne Ward (Independent Non-Executive Director)

- Anne Ward was appointed Non-Executive Director of MYOB in 2015 and also serves as Chairman of the Remuneration and Nomination Committee.
- Anne is currently Chairman of Colonial First State Investments, Avanteos Investments, the Qantas Superannuation Plan and Zoos Victoria, a non-executive director of ASX-listed finance and leasing provider FlexiGroup, and a Council Member of RMIT University.
- Anne previously served as General Counsel (Australia and Asia) for National Australia Bank, and was a partner at Minter Ellison Lawyers and Herbert Geer. During her career of more than 28 years as a commercial lawyer, she advised on a range of matters including mergers and acquisitions, capital markets, major litigation, contract law and corporate governance.
- Anne holds a Bachelor of Laws and a Bachelor of Arts from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.

Craig Boyce (Non-Executive Director)

- Craig Boyce is a Managing Director of Bain Capital and has been a Non-Executive Director of MYOB since its acquisition by Bain Capital in 2011.
- On behalf of Bain Capital, Craig currently serves as a non-executive director at Retail Zoo, the parent company of Boost Juice Bars, Salsa's Fresh Mex restaurants and CIBO Expresso cafés. Previously Craig served as a director on the board of FLEETCOR, a leading global provider of fleet cards and specialty payments to businesses.
- Craig has been involved in a number of key investments by funds advised by Bain Capital including IP-based video surveillance provider Uniview, after-school English language programme provider RISE, educational publisher Houghton Mifflin and online business directory SuperPages Canada.
- Prior to joining Bain Capital in 1998, Craig spent two years at Bain & Company, where he worked as a consultant in the financial, healthcare and consumer products industries.
- Craig holds a Master of Business Administration from Harvard Business School, a Master of Science in Chemical Engineering from Massachusetts Institute of Technology and a Bachelor of Science in Engineering magna cum laude from Princeton University.

Paul Edgerley (Non-Executive Director)

- Paul Edgerley is a Managing Director of Bain Capital and has been a Non-Executive Director of MYOB since 2013.
- Paul currently serves as a non-executive director of New York Stock Exchange (NYSE) listed sensor and controls manufacturer Sensata Technologies, and as non-executive director of NASDAQ-listed steel manufacturer Steel Dynamics.
- On behalf of Bain Capital, Paul serves as non-executive director of dual Bombay Stock Exchange (BSE) and National Stock Exchange of India (NSE) listed motorcycle manufacturer Hero MotoCorp, hand and power tool supplier Apex Tool Group, NASDAQ-listed building materials supplier HD Supply, and hydraulic clutch actuation systems provider FTE Automotive.
- Prior to joining Bain Capital in 1988, Paul spent five years at Bain & Company, where he worked as a consultant and manager in the information services, healthcare, retail and automobile industries.
- Paul holds a Master of Business Administration, with Distinction, from Harvard Business School and a Bachelor of Science from Kansas State University.

6.2 Senior management

Tim Reed (Executive Director, Chief Executive Officer)

- See Section 6.1 for more detail.

Richard Moore (Chief Financial Officer)

- Richard Moore joined MYOB in April 2012 in the role of Chief Financial Officer and General Manager, Shared Services.
- Prior to joining MYOB, Richard held multiple senior finance roles across a diverse range of industries, including most recently CFO of Jetstar Airways and CFO of BankWest Business. Richard spent eight years at GE Capital in various finance roles across a number of divisions in both Europe and Australia, and worked for PwC in Edinburgh, Scotland.
- Richard holds a Master of Arts (Honours) in Economics from the University of Edinburgh and is a Member of the Institute of Chartered Accountants of Scotland.

James Scollay (General Manager, SME Solutions)

- James Scollay joined MYOB in April 2012 as General Manager, Business Division and is now General Manager, SME Solutions.
- Prior to joining MYOB, James led the evolution of Macquarie Telecom's sales and marketing function. He also spent several years at online messaging and web security services provider MessageLabs, building and leading their Asian operations. During his tenure at MessageLabs, it was acquired by software developer Symantec where he ran the Asia Pacific hosted services division. James brings to MYOB more than 20 years of experience managing technology companies around the globe.

Adam Ferguson (General Manager, Engineering & Experience)

- Adam Ferguson joined MYOB in July 2004 when it acquired accounting software developer Solution 6. He was appointed General Manager, Accountants Division in 2006.
- Prior to its acquisition by MYOB, Adam had worked with Solution 6 for nine years, holding a variety of roles in Client Management, Sales Management, Product Management and General Management.
- Adam holds a Master in Business and IT Management from the University of Technology, Sydney and a Bachelor of Commerce from the University of Newcastle.

John Moss (Chief Strategy Officer)

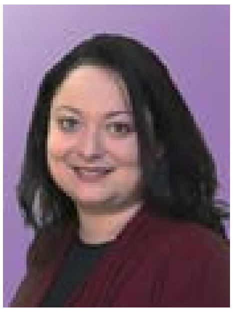
- John Moss joined MYOB in January 2007 and held the positions of Corporate Development Manager and General Manager, Business Division before being appointed to his current role as Chief Strategy Officer in February 2012.
- Prior to joining MYOB, John previously held senior strategy and consulting roles with Sensis, Arthur Andersen and Booz Allen & Hamilton. John also spent 10 years in Europe working in the oil industry for Schlumberger and Shell in engineering and commercial roles.
- John holds a Master of Business Administration from the Melbourne Business School and a Master of Arts and Bachelor of Arts (Honours) in Engineering Science from the University of Oxford.

Andrew Birch (General Manager, Industry Solutions)

- Andrew Birch joined MYOB in 2009 as General Manager, Enterprise Division. He became General Manager, Websites Division in 2010 and more recently was appointed General Manager, Industry Solutions.
- Prior to joining MYOB, Andrew held a number of senior management positions within the technology, telecommunications and software sectors, particularly in the leadership and growth of significant technology companies, including Honeywell Pacific and Vodafone Australia, as well as mid size technology businesses within Australia and New Zealand.
- Andrew holds a Bachelor of Engineering from the Swinburne Institute of Technology and a Master of Business Administration from RMIT University.

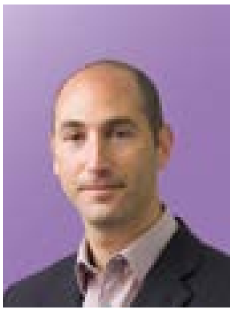
Ian Boylan (General Counsel and Company Secretary)

- Ian Boylan 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 while working for Eversheds LLP. He was admitted to practice in Australia while working for Minter Ellison Lawyers.
- Ian holds a Bachelor of Laws (Honours) from Nottingham Trent University, England.



Alla Keogh (Head of People & Performance)

- Alla Keogh joined MYOB in January 2015 as Head of People & Performance.
- Alla has over 15 years of human resources (HR) experience in the technology and professional services sectors. Prior to joining MYOB, Alla held HR director positions at HR software services provider NGA.NET, insurance comparison website company iSelect, and Deloitte. She has also held generalist HR roles at Unisys, PA Consulting and Arthur Andersen. In addition to organisational development and HR operations, Alla has led the HR workstreams of significant mergers and acquisitions and business process outsourcing engagements.
- Alla holds a Master of Applied Commerce (Organisational Change), postgraduate qualifications in employee and industrial relations from the University of Melbourne and a Bachelor of Arts from Monash University.



Ben Ross (General Manager, User Experience & Design)

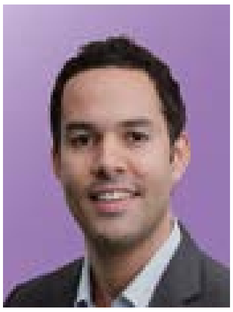
- Ben Ross joined MYOB in September 2012 as General Manager, User Experience & Design.
- Prior to joining MYOB, Ben held senior product management and strategy consulting roles in Silicon Valley, London and Australia with Intuit, ServiceMagic and the Boston Consulting Group. Ben also worked as broadband and innovation policy adviser to the Australian Federal Ministers for Defence and Communications after starting his career as a lawyer, specialising in corporate finance with Allens Arthur Robinson.
- Ben holds a Bachelor of Laws (Honours) and a Bachelor of Commerce (Honours) from Monash University.

Simon Raik-Allen (Chief Technology Officer)

- Simon Raik-Allen joined MYOB in January 2010 as Chief Technology Officer.
- Simon has more than 15 years of industry experience and a background in computer science. He has worked the majority of his career based in Silicon Valley in areas such as trading exchanges, e-commerce, business intelligence, communications, banking, government, media and entertainment. Simon has also worked with companies such as Sony, eBay, AOL, Bank of America, Foster's, Telstra, National Australia Bank and Australia and New Zealand Banking Group.
- Simon holds a Bachelor of Science and a Bachelor of Computing (Honours) from Monash University.

Natalie Feehan (General Manager, Marketing)

- Natalie Feehan will join MYOB in May 2015 as General Manager, Marketing.
- Natalie has more than 15 years of marketing experience, with seven years senior management experience. Prior to joining MYOB, Natalie held a number of senior marketing positions at REA Group, including most recently Group Manager, Marketing Strategy. Natalie also worked as Assistant Brand and CRM Manager for BMW.
- Natalie holds a Bachelor of Business (Marketing, Human Resource Management) and a Master of Commerce from Swinburne University of Technology.



Kevin Rawlings (General Manager, Practice Solutions)

- Kevin Rawlings joined MYOB in 2008 as Client Relations Manager, and held the role of National Manager, Client Relations prior to his appointment as General Manager, Practice Solutions in November 2014.
- Prior to joining MYOB, Kevin held a number of senior management positions within the telecommunications sector, working with local startup technology businesses in Australia, as well as with multinational corporations across the United States, Asia and Europe. Kevin brings to the Practice Solutions business over seven years of experience in working with accountants using MYOB's solutions across Australia and New Zealand.
- Kevin holds a Bachelor of Science (Chemistry) from the University of Leeds, England.

6.3 Interests and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of MYOB; or
- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of MYOB;
- property acquired or proposed to be acquired by MYOB in connection with its formation or promotion or the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of MYOB or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1 Interests of advisers

MYOB has engaged the following professional advisers in relation to the Offer:

- Citigroup Global Markets Australia Pty Limited, Goldman Sachs Australia Pty Ltd, Merrill Lynch Equities (Australia) Limited and UBS AG, Australia Branch have acted as Joint Lead Managers to the Offer. MYOB has paid, or agreed to pay, the Joint Lead Managers the fees described in Section 10.7 for these services;
- Bell Potter Securities Limited, JBWere Limited and UBS Wealth Management Australia Limited have acted as Co-Managers to the Offer. Each will be paid fees of 1.5% of the value of Shares allocated to clients of that Broker. All amounts payable to them are payable by the Joint Lead Managers out of the fees payable to the Joint Lead Managers under the Offer Management Agreement.
- Reunion Capital Partners Pty Ltd has acted as Financial Adviser in relation to the Offer. MYOB has agreed to pay Reunion Capital Partners Pty Ltd a fee of up to $1.5 million (excluding GST) for work performed by it in connection with the Offer;
- PricewaterhouseCoopers has acted as MYOB's tax adviser in relation to the Offer. In respect of this work, PricewaterhouseCoopers will be paid approximately $0.4 million (excluding disbursements and GST) for work performed by it up until the date of the Original Prospectus. Further amounts may be paid to PricewaterhouseCoopers in accordance with its normal time-based charges;
- PricewaterhouseCoopers Securities Ltd has acted as the Investigating Accountant on, and has performed work in relation to, the Financial Information and has performed work in relation to its Independent Limited Assurance Report on Historical Financial Information in Section 8

and its Independent Limited Assurance Report on Forecast Financial Information in Section 9. In respect of this work, PricewaterhouseCoopers Securities Ltd will be paid approximately $1.4 million (excluding disbursements and GST) for work performed by it up until the date of the Original Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with its normal time-based charges;

- Clayton Utz has acted as MYOB's Australian legal adviser. In respect of this work, Clayton Utz will be paid approximately $1.7 million (excluding GST) for work performed by it up until the date of the Original Prospectus. Further amounts may be paid to Clayton Utz in accordance with its normal time-based charges; and
- Ropes & Gray has acted as MYOB's United States legal adviser. In respect of this work, Ropes & Gray will be paid approximately $0.9 million for work performed by it up until the date of the Original Prospectus. Further amounts may be paid to Ropes & Gray in accordance with its time-based charges.

Affiliates of Citigroup Global Markets Australia Pty Limited, Goldman Sachs Australia Pty Ltd, Merrill Lynch Equities (Australia) Limited and UBS AG, Australia Branch are lenders to the MYOB Group and may be repaid in part or in full from the New Banking Facilities.

One or more of the Joint Lead Managers, or one of their affiliates, may have an indirect interest in funds managed or advised by Bain Capital which have an indirect interest in the securities or financial products of the Company or another Group Member. Were any of those securities or financial products to be disposed of under the Offer, the relevant Joint Lead Manager or affiliate may, indirectly, receive an economic benefit were the disposal to result in an increase in value of that indirect interest.

6.3.2 Directors' interests and remuneration

6.3.2.1 Chief Executive Officer

Tim Reed is employed by MYOB in the position of Chief Executive Officer of MYOB.

Tim Reed is entitled to a base salary of $800,000 per annum, which includes payment for his services as Chief Executive Officer and any fees or other amounts to which he may be entitled to as a director, officer or employee.

In addition to base salary, Tim Reed is entitled to a discretionary annual cash bonus of 75% of annual base salary, as determined solely by the Board, based on individual measures and business performance against key performance indicators. Key performance indicators are set each year and tested at the end of each year. They may include measures such as revenue, EBITDA and growth targets. In order to be eligible to receive an annual bonus, Tim Reed must be an employee in good standing as at the date on which the relevant bonus is payable.

Tim Reed will be eligible to participate in the MYOB long term incentive plan ("**LTIP**"). For further details about the LTIP, refer to Section 6.3.4.2. On Completion, Tim Reed will also hold 5,534,425 Performance Shares. Please refer to Section 6.3.4.1 for a summary of the terms applicable to the Performance Shares.

The term of Tim Reed's employment as Chief Executive Officer is ongoing. Tim Reed's employment may be terminated by either party giving six months' notice. An additional one week's notice of termination is available for employees over 45 years of age with at least two years' service. MYOB may terminate Tim Reed's employment immediately where there is cause to do so (e.g. serious misconduct, breach of his terms and conditions of employment or any act that is likely to cause serious harm to MYOB or its business reputation), without notice or payment in lieu of notice.

Upon termination, Tim Reed is bound by a restraint period generally up to a maximum of 24 months, during which time he cannot compete with MYOB or provide services in any capacity to a competitor of MYOB or solicit current or proposed clients, suppliers or employees of MYOB. Enforceability of such restraints of trade is subject to all usual legal requirements.

Tim Reed will be paid a transaction bonus in connection with the Offer of between $700,000 and $900,000. Tim Reed will also receive approximately $2.7 million in respect of the redemption of his holding of Redeemable Preference Shares on Completion and $2.1 million in respect of the sale of Shares as part of the Offer (based on the Mid-Point Final Price).

Tim Reed is an Existing Shareholder and will hold 6,775,299 Shares on Completion. Tim Reed has accepted a voluntary escrow being placed on the Shares he holds. Refer to Section 7.9.2 for further details.

6.3.2.2 Non-Executive Director remuneration

Each of the Non-Executive Directors has entered into appointment letters with the Company, confirming the terms of their appointment, their roles and responsibilities and MYOB's expectations of them as Directors.

Under the Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services as a Director. However, the total amount of fees paid to all Directors for their services (excluding, for these purposes, the salary of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by MYOB in general meeting.

This amount has been fixed by MYOB at $2,000,000 per annum. Any change to that aggregate annual sum needs to be approved by Shareholders. The aggregate sum does not include any special and additional remuneration for special exertions and additional services performed by a Director as determined appropriate by the Board. The remuneration of Directors must not include a commission on, or a percentage of profits or operating revenue.

For MYOB's initial year of listing, the annual base Non-Executive Director fees currently agreed to be paid by the Company are $275,000 per annum to the Chairman and $125,000 per annum to each other Non-Executive Director. An additional $25,000 per annum will be paid to the Chairman of the Audit and Risk Management Committee and $15,000 per annum to each other member of the Audit and Risk Management Committee, with an additional $22,000 to the Chairman of the Remuneration and Nomination Committee and $12,500 to each other member of the Remuneration and Nomination Committee. In subsequent years, these figures may vary.

All Directors' fees include superannuation payments to the extent applicable.

Directors may also be reimbursed for all reasonable travelling and other expenses incurred by the Directors in attending to MYOB's affairs including attending and returning from Board meetings or any meetings of committees of Directors and in attending and returning from any general meetings of MYOB.

Directors may be paid such additional or special remuneration if they, at the request of the Board, and for the purposes of MYOB, perform any extra services or make special exertions.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

6.3.2.3 Deeds of indemnity, insurance and access for Directors

MYOB has entered into a deed of indemnity, insurance and access with each Director which confirms the Director's right of access to Board papers and corporate records and requires MYOB to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of MYOB or of a related body corporate.

Under the deeds of indemnity, insurance and access, MYOB must maintain a Directors and officers liability insurance policy (D&O Policy) insuring a Director (among others) against liability as a Director and officer of MYOB and its related bodies corporate until seven years after a Director ceases to hold office as a Director of MYOB or a related body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

6.3.2.4 Directors' shareholdings

Directors are not required under the Constitution to hold any Shares. On the Prospectus Date, the Directors will hold the following Shares through beneficial interests or entities associated with the Director.

Figure 6.1: Summary of Directors' current and expected shareholdings on Completion

Director	Shares on Prospectus Date	Shareholding on Prospectus Date (%)	Proposed subscription for Shares as part of the Offer ($)	Shares on Completion	Shareholding on Completion (%)
Justin Milne	0	0%	100,000	28,571	0.00%
Tim Reed[1]	6,452,895	1.82%	0	6,775,299	1.14%
Andrew Stevens	0	0%	150,000	42,857	0.01%
Anne Ward	0	0%	100,000	28,571	0.00%
Craig Boyce	0	0%	0	0%	0.00%
Paul Edgerley	0	0%	0	0%	0.00%

Calculated based on a Mid-Point Final Price and 50% Retail Note Exchange.

Note:

1. At Prospectus Date, Tim held 12,509,062 Management A Shares. On Completion, these shares will be consolidated and convert into 922,404 Shares and 5,534,425 Performance Shares – refer to Figure 7.2 and Section 6.3.4.1.

None of the Shares held by the Directors will be subject to any escrow restrictions (with the exception of the Shares held by Tim Reed, whose Shares will be subject to voluntary escrow arrangements (see Section 7.9.2)).

The Directors are entitled to apply for Shares under the Offer. The Directors have indicated that they intend to apply for Shares under the Offer as shown in the table above.

6.3.3 Other senior management remuneration

6.3.3.1 Chief Financial Officer

Richard Moore is employed by MYOB in the position of Chief Financial Officer of MYOB.

Richard Moore is entitled to a base salary of $450,000 per annum. Additionally, Richard Moore is entitled to a discretionary annual cash bonus of 50% of annual base salary, as determined solely by the Board based on individual measures and business performance against key performance indicators. Key performance indicators are set each year and tested at the end of each year. They may include measures such as revenue, EBITDA and growth targets. In order to be eligible to receive an annual bonus, Richard Moore must be an employee in good standing as at the date on which the relevant bonus is payable.

Richard Moore will be eligible to participate in the MYOB LTIP. For further details about the LTIP, refer to Section 6.3.5.2. On Completion, Richard Moore will also hold 1,702,900 Performance Shares. Please refer to Section 6.3.4.1 for a summary of the terms applicable to the Performance Shares.

The term of Richard Moore's employment as Chief Financial Officer is ongoing. Richard Moore's employment may be terminated by either party giving at least six months' notice. MYOB may pay Richard Moore in lieu of giving him notice. Richard Moore's employment may also be terminated by MYOB without notice where there is cause to do so (e.g. serious misconduct, breach of his terms and conditions of employment or any act that is likely to cause serious harm to MYOB or its business reputation).

Upon termination, Richard Moore is bound by a restraint period up to a maximum of 24 months, during which time he cannot compete with MYOB or provide services in any capacity to a competitor of MYOB or solicit current or proposed clients, suppliers or employees of MYOB. Enforceability of such restraints of trade is subject to all usual legal requirements.

Richard Moore will be paid a transaction bonus in connection with the Offer of between $500,000 and $600,000. Richard Moore will also receive approximately $48,000 in respect of the redemption of his holding of Redeemable Preference Shares on Completion and $175,000 in respect of the sale of Shares as part of the Offer (based on the Mid-Point Final Price).

Richard Moore is an Existing Shareholder and will hold 418,185 Shares on Completion. Richard Moore has accepted a voluntary escrow being placed on the Shares he holds. Refer to Section 7.9.2 for further details.

6.3.3.2 Other senior management service arrangements

The four most senior members of management after the CEO and CFO are party to contracts of employment with members of the MYOB Group under which either the MYOB Group entity or the executive may terminate the executive's employment after the expiry of at least six months' notice in writing. The employment contracts with these key members of management also include a restraint of trade period of a maximum of 24 months following expiry of the notice period. Enforceability of such restraints of trade is subject to all usual legal requirements.

Other senior members of management are party to contracts of employment with members of the MYOB Group under which either the MYOB Group entity or the executive may terminate the executive's employment, generally after the expiry of four weeks' to three months' notice in writing. Employment contracts with such members of management also generally include a restraint of trade period up to a maximum of six months following expiry of the notice period. Enforceability of such restraints of trade is subject to all usual legal requirements.

Senior members of management other than the CEO and CFO will be paid an aggregate transaction bonus in connection with the Offer of between $1,250,000 and $1,500,000. Senior members of management other than the CEO and CFO will also receive $4.2 million in aggregate in respect of the redemption of Redeemable Preference Shares.

6.3.4 Executive and employee incentive arrangements

MYOB has established a number of incentive arrangements to enable attraction, motivation and retention of management and employees of MYOB.

For the senior management team, the remuneration packages will consist of:

- fixed remuneration;
- cash-based short term incentive; and
- the LTIP.

On Completion, management will also hold Performance Shares referred to in Section 6.3.4.1.

The cash-based short term incentive, Performance Shares and LTIP are subject to achievement of performance criteria or hurdles set and assessed by the Board.

The key components of the cash-based short term incentive are:

- participants are entitled to receive a percentage of their fixed remuneration as an annual cash bonus;
- to be eligible for an annual cash bonus, participants must be employees in good standing of MYOB at the date on which the relevant bonus is payable;
- payment of annual cash bonuses is discretionary and determined by the Board based on individual measures and business performance against key performance indicators; and
- key performance indicators are set each year and tested at the end of each year and may include measures such as revenue, EBITDA and growth targets.

The Remuneration and Nomination Committee recommends to the Board the remuneration packages for the executive team. It is intended that these will be reviewed annually. The Remuneration and Nomination Committee may seek external advice to determine the appropriate level and structure of the remuneration packages from time to time.

Further details in relation to the Performance Shares and the LTIP are discussed in Sections 6.3.4.1 and 6.3.4.2.

6.3.4.1 Performance Shares

Certain members of senior management (including Tim Reed and Richard Moore) of MYOB are currently holders of Management A Shares. Conditional on Completion, the 48,111,776 Management A Shares on issue will be consolidated and will then convert into 3,547,710 Shares and 21,286,246 Performance Shares. The terms of the Performance Shares are set out in full in Appendix D.

Performance Shares confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders and to attend general meetings, but do not entitle the holder to vote on any resolutions proposed at a general meeting.

The Performance Shares do not entitle the holder to any dividends or any returns on a reduction of capital and upon winding up of the Company; the Performance Shares may not participate in the surplus profits or assets of the Company.

The Performance Shares are not transferrable other than to family members or family investment entities and will not be quoted on ASX.

If a holder of Performance Shares ceases to be an employee of, or service provider to, MYOB:

- before 1 May 2015, then that holder will be entitled to retain the Performance Shares held by that holder at the time of the Offer. This is because that holder's number of Performance Shares will already reflect the fact that they are no longer an employee of, or service provider to, MYOB;
- after 1 May 2015 but before 30 September 2016, in certain circumstances including where the holder dies, resigns due to ill health (requiring an absence of at least six months in a 12 month period), retires, is made redundant, becomes permanently incapacitated, or with the approval of the Board of Directors, or is otherwise determined by the Board in its discretion to be a "good leaver", that holder will be entitled to retain:
  - 70% of the Performance Shares held by that holder at that time; plus
  - up to 30% of that holder's remaining Performance Shares, the final proportion of which will be calculated by reference to the number of days since the Offer date that the holder remained employed by MYOB as against the total number of days between the Offer date and 30 September 2016;
- on or before 30 September 2016, in any circumstances other than those where that holder is determined by the Board to be a good leaver, all Performance Shares held by that holder will convert into one Share (in total); or
- after 30 September 2016 and before 30 September 2017 for any reason, all of that holder's remaining Performance Shares (being those not converted to Shares on 30 September 2016, if applicable) will convert into one Share (in total). That holder will be entitled to retain any Shares that were converted from Performance Shares on 30 September 2016 (if applicable) pursuant to the terms of the Performance.

Except as set out below, certain percentages of Performance Shares will convert into Shares on a one for one basis on 30 September 2016 or 30 September 2017 if the price of a Share (based on a 20 business day consecutive VWAP and adjusted for any capital returns, special dividends or issues of bonus shares from Offer to that date), on either of those dates, exceeds corresponding Share Price Hurdles. Any Shares converted from Performance Shares on 30 September 2016 will be held subject to the voluntary escrow arrangements described in Section 7.9 until 30 September 2017. Any Shares converted from Performance Shares on 30 September 2017 will not be subject to any voluntary escrow arrangements.

Therefore, if a share price hurdle:

- is met on 30 September 2016, then the corresponding percentage of Performance Shares will automatically convert into Shares on a one for one basis;
- is met on 30 September 2016 and a higher share price hurdle is also met on 30 September 2017, the relevant proportion of Performance Shares (being the corresponding percentage to the share price hurdle met on 30 September 2017 less the corresponding percentage to the share price hurdle met on 30 September 2016) that were held by that holder on 30 September 2016 (prior to any conversion into Shares (if applicable)), will automatically convert into Shares on a one for one basis;
- is not met on 30 September 2016 but is met on 30 September 2017, the relevant proportion of Performance Shares (calculated in accordance with the corresponding percentage for that specific hurdle) will convert into Shares on a one for one basis at that time; or
- is met on 30 September 2017, and that hurdle is less than or equal to the relevant share price hurdle that was reached on 30 September 2016, then all of the Performance Shares held by that holder as at 30 September 2017 will convert into one Share (in total). However, holders will be entitled to retain any Shares that were converted from Performance Shares on 30 September 2016 (if applicable) pursuant to the terms of the Performance Shares.

If the lowest Share price hurdle is not met on either 30 September 2016 or 30 September 2017, then all Performance Shares held by each holder will convert into one Share (in total per holder).

If the highest Share price hurdle ($5.30 per Share) is met on either 30 September 2016 or 30 September 2017, then all the Performance Shares will convert on a one-for-one basis into 21,286,246 Shares. This represents approximately 3% of Shares then on issue, assuming no other changes to Share capital (based on the Mid-Point Final Price and 50% Retail Note Exchange).

If the Share price is the Mid-Point Final Price ($3.50 per Share) on either 30 September 2016 or 30 September 2017 (and no higher hurdle is met on the other of such dates), then all the Performance Shares will in effect convert into approximately 12,416,976 Shares. This represents approximately 2% of Shares then on issue, assuming no other changes to Share capital (based on the Mid-Point Final Price and 50% Retail Note Exchange).

The Share price hurdle and corresponding percentage of Performance Shares to be converted into Shares is set out in full in Appendix D.

If a holder of Performance Shares ceases to be an employee of, or service provider to, MYOB:

- before 30 September 2016, and that holder is entitled to retain any of their Performance Shares, those Performance Shares need to meet the applicable share price hurdle on 30 September 2016 in order to be eligible for conversion into Shares; and
- before 30 September 2017, and that holder is entitled to retain any of their Performance Shares, those Performance Shares need to meet the applicable share price hurdle on 30 September 2017 in order to be eligible for conversion into Shares.

If there is a change of control of MYOB in the form of a takeover (which has become unconditional and acceptances of 50.1% or more of the shares to which the takeover relates have been received) or scheme of arrangement, then the offer price from the change of control event will be used to measure against the Share Price Hurdles to determine the percentage of Performance Shares to be converted into Shares.

The terms of the Performance Shares provides for how the occurrence of a change of control event interacts with the testing before 30 September 2016 and between 30 September 2016 and 30 September 2017.

6.3.4.2 LTIP

MYOB has established a LTIP in order to facilitate remuneration arrangements for MYOB's senior management and enhance the alignment of their interests with those of Shareholders.

The rules of the LTIP ("**Plan Rules**") provide the framework under which the LTIP and individual grants will operate.

MYOB intends to make annual grants under the LTIP commencing in January 2017.

The key features of the LTIP are outlined below.

Figure 6.2: Key features of the LTIP

Eligibility	The LTIP will be aimed at MYOB's senior management including executive directors, although the Board has discretion to make grants to any employee of the MYOB Group.
Types of securities	The Plan Rules provide flexibility for the Company to grant one or more of the following securities as incentives, subject to the terms of individual offers: • performance rights; and • options. Options are an entitlement to receive a Share upon satisfaction of applicable conditions and payment of an applicable exercise price. Performance rights are an entitlement to receive a Share for no consideration upon satisfaction of applicable conditions. Unless otherwise specified in an offer document, the Board has the discretion to settle performance rights or options with a cash equivalent payment.
Offers under the LTIP	The value of the rights to be granted pursuant to the LTIP is expected to be a proportion of the base salary of the relevant employee, as follows: • 75% of base salary for the CEO; • 50% for the CFO and senior general managers; and • 30% for remaining executives.
Issue price	Unless the Board determines otherwise, no payment is required for a grant of a performance right or option under the LTIP.
Vesting	Vesting of performance rights and options under the LTIP is is expected to be as follows: • for performance rights and options under the LTIP granted in January 2017, 67% vest after two years from the date of grant, with the remaining 33% vesting after three years from the date of grant; • for performance rights and options under the LTIP granted after January 2018, 33% vest after two years from the date of grant, with the remaining 67% vesting after three years from the date of grant; and • for performance rights and options under the LTIP granted after January 2019, 100% will vest after three years from the date of grant. The Board will determine appropriate performance vesting conditions at the time of the first grant in January 2017.
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating employee ceases employment.
Clawback and preventing inappropriate benefits	The Plan Rules provide the Board with broad clawback powers if, among other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or has acted in a manner that has brought the Company or its related bodies corporate into disrepute, or there is a material misstatement of the financial statements of the Group, or the Company is required or entitled under law or company policy to reclaim remuneration from the participant, or the participant's entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.
Change of control	The Board may determine that all or a specified number of a participant's performance rights or options will vest or cease to be subject to restrictions on a change of control event in accordance with the Plan Rules.
Other terms	The LTIP contains customary and usual terms for dealing with administration, variation, suspension and termination of the LTIP.

6.4 Corporate governance

Section 6.4 explains how the Board will oversee the management of MYOB's business. The main policies and practices adopted by MYOB, which will take effect from Completion, are summarised below. Details of MYOB's key policies and practices and the charters for the Board and each of its committees are available at www.myob.com.au.

The Board monitors the operational and financial position and performance of MYOB and oversees its business strategy, including approving the strategic goals of MYOB. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of MYOB.

In conducting MYOB's business with these objectives, the Board seeks to ensure that MYOB is properly managed to protect and enhance Shareholder interests, and that MYOB and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing MYOB, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for MYOB's business and which are designed to promote the responsible management and conduct of MYOB.

6.4.1 ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

MYOB is seeking a listing on ASX. ASX Corporate Governance Council has developed and released its corporate governance recommendations for ASX-listed entities in order to promote investor confidence and to assist entities in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, MYOB will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where MYOB does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

The Board does not anticipate that it will depart from the ASX Recommendations, except as set out below.

Recommendation 2.4 provides that a majority of the board of a listed entity should be independent Non-Executive Directors. On Completion, half of the Directors will be independent. Three of the six members of the Board, including the Chairman, will be independent Non-Executive Directors. There will be a further two Non-Executive Directors (being those Directors who are nominated by Bain Capital pursuant to the Relationship Deed – see Section 6.5.2) who are not considered to be independent and one Executive Director (the CEO). The Board considers that the Non-Executive Directors nominated by Bain Capital, Craig Boyce and Paul Edgerley, will add significant value given their considerable experience and skills and will bring objective and independent judgement to the Board's deliberations. Further information regarding the independence of Directors and the composition of the Board is contained in Section 6.4.2. Subject to the ASX Listing Rules, in the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote in addition to a deliberative vote.

6.4.2 Board appointment and composition

The Board of Directors is comprised of the Chief Executive Officer and five Non-Executive Directors, of whom three are independent (including the Chairman). Biographies of the Directors are provided in Section 6.1.

Each Director has confirmed to MYOB that he or she anticipates being available to perform his or her duties as a Non-Executive or Executive Director as the case may be, without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is not a member of MYOB's management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers quantitative and qualitative principles of materiality for the purpose of determining independence on a case-by-case basis. The Board will consider whether there are any factors or considerations which may mean that the Director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the Director's ability to act in the best interests of MYOB.

The Board considers that each of Justin Milne, Andrew Stevens and Anne Ward is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Director's unfettered and independent judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations. Tim Reed is currently considered by the Board not to be independent as he is currently the Chief Executive Officer of MYOB. Craig Boyce and Paul Edgerley are not considered to be independent due to their positions with Bain Capital.

The Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors.

6.4.3 Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition and processes;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management; and
- the authority delegated by the Board to management and Board committees.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising MYOB's strategies, policies and performance. This includes overseeing the financial and human resources MYOB has in place to meet its objectives, overseeing risk management and reporting and reviewing management performance;
- protect and optimise MYOB's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution of MYOB and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and ensure compliance with MYOB's values and governance framework (including establishing and observing high ethical standards); and
- ensure that Shareholders are kept informed of MYOB's performance and major developments affecting its state of affairs.

Matters which are specifically reserved for the Board or its committees include:

- appointment of a Chairman;
- appointment and removal of the Chief Executive Officer and Chief Financial Officer;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- review of corporate codes of conduct;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- calling of meetings of Shareholders; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Chief Executive Officer). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate.

6.4.4 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a Remuneration and Nomination Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of MYOB, relevant legislative and other requirements and the skills and experience of individual Directors.

Under the Board charter, Board committee performance evaluations will occur regularly.

6.4.4.1 Audit and Risk Management Committee

The Audit and Risk Management Committee's charter provides that the committee must comprise of only Non-Executive Directors, a majority of independent Directors, an independent Chairman who is not Chairman of the Board, and a minimum of three members of the Board. In accordance with its charter, it is intended that all members of the committee should be financially literate and have familiarity with financial management, and at least one member should have relevant qualifications and experience. The Audit and Risk Management Committee will comprise:

- Andrew Stevens (Chairman);
- Craig Boyce; and
- Justin Milne.

Non-committee members, including members of management and the external auditor, may attend meetings of the committee by invitation of the committee Chairman.

The committee will assist the Board in carrying out its accounting, auditing, and financial reporting responsibilities and have primary responsibility to review, oversee and report to the Board on MYOB's risk management systems and strategies. The committee's responsibilities include:

- overseeing the process of financial reporting (including to assist the Chief Executive Officer or Chief Financial Officer with providing their declaration under section 295A of the Corporations Act), internal control, continuous disclosure, financial and non-financial risk management and compliance and external audit;
- overseeing MYOB's relationship with the external auditor and the external audit function generally;
- evaluating the adequacy of processes and controls established to identify and manage areas of potential risk; and
- monitoring MYOB's compliance with laws and regulations and MYOB's own codes of conduct and ethics.

Under the charter, it is the policy of the MYOB Group that its external auditing firm must be independent of it. The committee will review and assess the independence of the external auditor on an annual basis.

6.4.4.2 Remuneration and Nomination Committee

The Remuneration and Nomination Committee's charter provides that the committee must consist of only Non-Executive Directors, a majority of independent Directors, a minimum of three Members of the Board, and an independent Director as Chairman.

The current members of the committee are:

- Anne Ward (Chairman);
- Paul Edgerley; and
- Andrew Stevens.

The main functions of the committee are to assist the Board with a view to establishing a Board of effective composition, size, diversity and expertise to adequately discharge its responsibilities and duties, and assist the Board with a view to discharging its responsibilities to Shareholders and other stakeholders to seek to ensure that the MYOB Group:

- has coherent remuneration policies and practices which enable the MYOB Group to attract and retain Directors and executives who will create value for Shareholders, including succession planning for the Board and executives;
- fairly and responsibly remunerates Directors and executives, having regard to the performance of MYOB, the performance of the executives and the general remuneration environment;
- has policies to evaluate the performance of the Board, individual Directors and executives on (at least) an annual basis; and
- has effective policies and procedures to attract, motivate and retain appropriately skilled and diverse persons to meet MYOB's needs.

6.4.5 Corporate governance policies

6.4.5.1 Continuous Disclosure Policy

Once listed, MYOB will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, MYOB will be required to disclose to ASX any information concerning the Group which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. MYOB is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.

MYOB has adopted a Continuous Disclosure Policy, to take effect from Completion, which establishes procedures which are aimed at ensuring that Directors and senior management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information. Under the policy, the Board will be responsible for managing MYOB's compliance with its continuous disclosure obligations.

Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and continuous disclosure announcements will be made available on MYOB's website at www.myob.com.au.

6.4.5.2 Securities Trading Policy

MYOB has adopted a Securities Trading Policy which will apply to the MYOB Group and its Directors, officers, senior executives, employees, contractors and their connected persons (including those persons having authority and responsibility for planning, directing and controlling the activities of MYOB, whether directly or indirectly). The policy is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects MYOB and Directors and employees against the misuse of unpublished information which could materially affect the value of securities.

Subject to certain exceptions, including exceptional financial circumstances, the policy defines certain 'prohibited periods' during which trading in Shares by MYOB's Directors, officers, senior executives, employees, contractors and their connected persons is prohibited.

Those prohibited periods are currently defined as the following periods:

- MYOB's year end until the business day after the release of the full year results;
- MYOB's half year end until the business day after the release of the half yearly results; and
- any additional periods imposed by the Board from time to time (e.g. when MYOB is considering matters which are subject to ASX Listing Rule 3.1A).

Outside these periods, Directors, officers, senior executives, employees, contractors and their connected persons must receive clearance for any proposed dealing in Shares and, in all instances, buying or selling Shares is not permitted at any time by any person who possesses price-sensitive information.

6.4.5.3 Code of Conduct

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct which outlines how MYOB expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of MYOB (including temporary employees, contractors and Directors) must comply with the Code of Conduct.

The Code of Conduct is designed to:

- provide a benchmark for professional behaviour throughout MYOB;
- support MYOB's business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the Code of Conduct.

6.4.5.4 Diversity Policy

MYOB values a strong and diverse workforce and is committed to developing measurable objectives to achieve diversity and inclusion in its workplace. MYOB has implemented a Diversity Policy which is overseen by the Remuneration and Nomination Committee and which aligns the MYOB Group's management systems with the commitment to develop a culture and business model that values and achieves diversity in its workforce and on its Board.

In its annual report, MYOB will disclose the measurable objectives for achieving diversity and progress towards the policy's goals, and will also disclose the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

6.4.5.5 Risk management policy

The identification and proper management of MYOB's risks are an important priority of the Board. The Board has adopted a risk management policy appropriate for its business. This policy highlights the risks relevant to MYOB's operations and MYOB's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Board is responsible for overseeing and approving risk management strategy and policies, monitoring risk management, and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board may delegate these functions to the Audit and Risk Management Committee or a separate risk committee in the future.

The Board will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations.

The Board has in place a system whereby management is required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

6.4.5.6 Communications with Shareholders

MYOB's aim is to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of MYOB. In addition to MYOB's continuous disclosure obligations, MYOB recognises that potential investors and other interested stakeholders may wish to obtain information about MYOB from time to time and MYOB will communicate this information regularly to Shareholders and other stakeholders through a range of forums and publications.

All ASX announcements made to the market, including annual and half year financial results, will be posted on MYOB's website at www.myob.com.au as soon as practicable following their release by ASX. The full text of all notices of meetings and explanatory material, MYOB's annual report and copies of all investor presentations made to analysts and media briefings will be posted on MYOB's website. The website will also contain a facility for the Shareholders to direct queries to MYOB.

6.5 Transactions with Shareholders

6.5.1 Bain Capital Advisory Services Agreement

Chapter 2E of the Corporations Act prohibits a company from giving a financial benefit to a related party (including any director) without the prior approval of its members by ordinary resolution or in certain other cases. Craig Boyce and Paul Edgerley have indirect interests in Bain Capital, which has received fees from MYOB under an advisory services agreement. The advisory services agreement will terminate on Completion and a fee of $12.5 million will be paid to Bain Capital at that time. While these arrangements were entered into on arm's length terms, member approval was obtained before the Prospectus Date.

6.5.2 Bain Capital relationship

On Completion, Bain Capital will hold approximately 57% of the Shares (based on Mid-Point Final Price and 50% Retail Note Exchange). Bain Capital continues to be strongly supportive of MYOB and its current intention is to remain a strategic Shareholder. Bain Capital has entered into an escrow arrangement in relation to its Shares, which is described in detail at Section 7.9.1. Any decision to sell down its interest in MYOB following the expiry of the voluntary escrow arrangements will be a decision made having regard to a range of factors. These may include the market environment at the time and the interests of the investors in Bain Capital.

The Independent Directors have approved the Company entering into a Relationship Deed with Bain Capital that governs their relationship while Bain Capital retains an interest in MYOB. Section 10.7.2 provides a summary of the material terms of the Relationship Deed.

Key provisions of the Relationship Deed include:

- requiring that the parties agree procedures for the management of conflicts of interest and appropriate use of confidential information;
- providing for Bain Capital to have the right to nominate two Directors to the Board while Bain Capital hold at least 20%, or one Director to the Board while Bain Capital hold at least 10%, of the Shares; and
- requiring MYOB to provide market disclosure (subject to certain conditions) to facilitate Bain Capital selling its Shares.

Bain Capital has entered into confidentiality arrangements with MYOB which govern access to MYOB's information.

Key risks associated with Bain Capital's continued interest in MYOB are set out in Section 5.3.3.

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7

Details of the Offer

7 Details of the Offer

7.1 The Offer

This Prospectus relates to an initial public offering of new Shares by MYOB and the sale of existing Shares by SaleCo. Following Completion, based on a Mid-Point Final Price and 50% Retail Note Exchange, Bain Capital will hold approximately 57% of Shares on issue at Completion and Management Shareholders will hold approximately 3% of Shares on issue at Completion (excluding Performance Shares – refer to Section 7.1.5). Shares held by Bain Capital and Management Shareholders will be subject to the voluntary escrow agreements described in Section 7.9.

MYOB will issue 235.7 million new Shares raising total proceeds under the Offer of $825.1 million and SaleCo will sell 2.2 million existing Shares raising $7.6 million (in each case, based on a Mid-Point Final Price and 50% Retail Note Exchange). The total number of Shares on issue at Completion will be 594.1 million, based on a Mid-Point Final Price and 50% Retail Note Exchange.

Other than in respect of the Employee Offer and the Noteholder Exchange Offer, successful applicants under the Offer will pay the Final Price. The Final Price will be determined at the conclusion of the bookbuild and may be set at a price below, within or above the Indicative Price Range.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus. All Shares will rank equally with each other.

7.1.1 Structure of the Offer

The Offer comprises:

- the Retail Offer, which consists of:
  - the Broker Firm Offer, which is open to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation of Shares from their Broker (see Section 7.3.1);
  - the Priority Offer, which is open to selected investors in Australia and New Zealand nominated by the Company (see Section 7.3.2); and
  - the Employee Offer, which is open to Eligible Employees and any other persons invited by the Board to participate in the Employee Offer (see Section 7.3.3);
- the Institutional Offer, which consists of an offer to Institutional Investors in Australia and certain other jurisdictions around the world, made under this Prospectus or the Institutional Offering Memorandum, as applicable (see Section 7.4); and
- the Noteholder Exchange Offer, which is open to Eligible Retail Noteholders who wish to Exchange their Existing Retail Notes for Shares under the Offer (see Section 7.5).

No general public offer will be made under the Offer. The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by agreement between MYOB, SaleCo and the Joint Lead Managers, having regard to the allocation policies outlined in Sections 7.3, 7.4 and 7.5.

7.1.2 Purpose of the Offer and use of proceeds

The Offer is being conducted to:

- raise capital to reduce MYOB's existing liabilities (including redemption of the Redeemable Preference Shares held by Bain Capital and certain members of management);
- allow Management Shareholders to partially monetise their investment in the Company;
- provide a liquid market for the Shares and an opportunity for others to invest in MYOB;
- provide MYOB with access to the capital markets to improve capital management flexibility; and
- provide MYOB with the benefits of an increased profile that arises from being a listed entity.

The proceeds of the Offer received by the Company will be applied to:

- fund the redemption of the Redeemable Preference Shares;
- fund the redemption of the Existing Retail Notes (to the extent they are not Exchanged);
- fund the redemption of the Loan Notes;
- fund the repayment of the existing senior debt facilities; and
- pay the costs associated with the Offer.

The proceeds of the Offer receivable by SaleCo in respect of the sale of Shares by it will be paid to SaleCo and paid by SaleCo to Selling Shareholders.

Figure 7.1: Sources and uses of funds[1]

Sources of funds	$ millions	Uses of funds	$ millions
MYOB			
Cash proceeds received for new Shares issued under the Offer	745.6	Repayment of existing senior debt facilities[2]	644.5
Noteholder Exchange Offer	79.5	Repayment of other existing indebtedness[3]	504.9
Drawdown of New Banking Facilities	437.0	Exchange of Existing Retail Notes	79.5
Repayment by management of non-recourse loans	5.2	Costs of the Offer to be paid out of Offer proceeds[4]	41.4
Cash on hand	5.0	Cash to balance sheet	2.0
SaleCo			
Cash proceeds received for existing Shares sold under the Offer	7.6	Payments to Selling Shareholders	7.6
Total sources of funds	**1,280.0**	**Total uses of funds**	**1,280.0**

Notes:
1. Based on a Mid-Point Final Price and 50% Retail Note Exchange.
2. Comprises repayment of existing senior debt facilities of $644.5 million.
3. Comprises repayment of Existing Retail Notes that are redeemed of $78.3 million (including premium), repayment of Loan Notes of $292.5 million (including break fee), and repayment of remaining balance of Redeemable Preference Shares of $134.1 million.
4. Costs of the Offer include a payment of certain adviser fees listed in Section 6.3.1 and of $12.5 million to Bain Capital in connection with its advisory services arrangements with MYOB. In addition, $2.6 million of transaction costs will be paid prior to completion of the Offer and $7.8 million will be paid subsequent to the Offer. Further details of one-off Offer and transaction costs are set out in Section 4.7.3.2.

7.1.3 Pro Forma Historical Balance Sheet

MYOB's Pro Forma Historical Balance Sheet following Completion, including details of the pro forma adjustments, is set out in Section 4.5.

7.1.4 Capitalisation and indebtedness

MYOB's capitalisation and indebtedness as at 31 December 2014, before and following Completion, are set out in Section 4.5.2.

7.1.5 Shareholding structure

The details of the ownership of Shares, immediately prior to the Offer and on Completion, are set out below.

Figure 7.2: Shareholding structure

Shareholders	Shares held prior to Completion		Management A Shares held prior to Completion	Shares held on Completion		Performance Shares held on Completion
	Shares	%		Shares	(%)	
Bain Capital	337,151,360	95.03%	–	337,151,360	56.75%	–
Tim Reed	6,452,895	1.82%	12,509,062	6,775,299	1.14%	5,534,425
Other Management Shareholders	11,166,552	3.15%	35,602,714	12,208,705	2.06%	15,751,821
New Shareholders	–	–	–	237,928,624	40.05%	–
Total	**354,770,807**	**100%**	**48,111,776**	**594,063,988**	**100%**	**21,286,246**

Note: Based on a Mid-Point Final Price and 50% Retail Note Exchange. New Shareholders on Completion include holders of Shares issued under the Noteholder Exchange Offer.

7.1.6 Control implications of the Offer

Bain Capital will control MYOB on Completion (as defined in section 50AA of the Corporations Act). Bain Capital has entered into a relationship deed with the Company which is described in Section 10.7.2.

7.1.7 Potential effect of the fundraising on the future of MYOB

The Directors believe that on Completion, MYOB will have sufficient funds available from cash proceeds of the Offer and its operations to fulfil the purposes of the Offer and meet the Company's stated business objectives.

7.2 Terms and conditions of the Offer

Topic	Summary
What is the type of security being offered?	Shares (being fully paid ordinary shares in MYOB).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.8.4.
What is the consideration payable for the Shares?	The Indicative Price Range for the Offer is \$3.00 to \$4.00 per Share. Successful applicants under the Offer (other than the Employee Offer and Noteholder Exchange Offer) will pay the Final Price, which will be determined at the conclusion of the bookbuild and may be set below, within or above the Indicative Price Range. Successful applicants under the Employee Offer will pay a discounted price of 50% of the Final Price. Successful applicants under the Noteholder Exchange Offer will Exchange their Existing Retail Notes at 97.5% of the Final Price. To the extent that Eligible Retail Noteholders apply for Shares in addition to the value of their Existing Retail Notes, they will pay the Final Price in respect of any such additional Shares. Applicants under the Retail Offer will apply for a set dollar amount of Shares. Accordingly, applicants will not know the number of Shares they will receive at the time they make their investment decision, nor will they know the Final Price. Except as required by law, applicants cannot withdraw or vary their Applications.
What is the Offer period?	The key dates, including the details of the Offer period relating to each component of the Offer, are set out on page 6. This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney time. The Joint Lead Managers, the Company and SaleCo reserve the right to vary the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Offer period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all application monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.
What are the cash proceeds to be raised?	\$753.3 million cash is expected to be raised under the Offer, excluding proceeds from the Noteholder Exchange Offer. The total Offer proceeds is expected to be \$832.8 million (assuming the Mid-Point Final Price and 50% Retail Note Exchange).
Is the Offer underwritten?	No. The Offer is not underwritten.

Topic	Summary
What is the minimum and maximum Application size under the Retail Offer?	The minimum Application under the Broker Firm Offer is as directed by the applicant's Broker and there is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Joint Lead Managers, the Company and SaleCo reserve the right to treat any Applications in the Broker Firm Offer that are from persons who they believe may be Institutional Investors, as Final Price bids in the Institutional Offer or to reject the Applications. The Joint Lead Managers, the Company and SaleCo also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person. Applications under the Priority Offer must be for a minimum of $1,000 worth of Shares and in multiples of $500 worth of Shares thereafter. Applications under the Employee Offer are for a minimum of $500 worth of Shares (calculated at the Final Price) and a maximum of $1,000 worth of Shares (calculated at the Final Price). Applications under the Noteholder Exchange Offer do not have a minimum value.
What is the allocation policy?	The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the Joint Lead Managers by agreement with the Company and SaleCo, having regard to the allocation policies outlined in Sections 7.3, 7.4 and 7.5. For Broker Firm Offer participants, the relevant Broker will decide how it allocates Shares among its retail clients, and it (and not MYOB or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from it receive the relevant Shares. The allocation of Shares under the Institutional Offer will be determined by agreement between MYOB, SaleCo and the Joint Lead Managers. The allocation of Shares under the Priority Offer and Employee Offer will be determined by the Company. Eligible Retail Noteholders who elect to participate in the Noteholder Exchange Offer will receive a guaranteed allocation. Participants in the Noteholder Exchange Offer who Exchange all their Existing Retail Notes and apply for additional Shares will receive a priority allocation in respect of the application for additional Shares. Except for Shares to be issued under the Employee Offer or in Exchange for Existing Retail Notes, the Joint Lead Managers, the Company and SaleCo have absolute discretion regarding the allocation of Shares to applicants under the Offer and may reject an Application, or allocate fewer Shares than the number or equivalent dollar amount applied for, in their absolute discretion.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched by standard post on or about 8 May 2015. Refunds to applicants under the Priority Offer who make an Application and are scaled back will be made as soon as possible post Settlement, which is expected to occur on or about 6 May 2015. No refunds will be made where the overpayments relate solely to rounding at the Final Price or the price paid under the Employee Offer or Noteholder Exchange Offer.
Will the Shares be quoted?	MYOB has applied to ASX for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code MYO). Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. MYOB will be required to comply with the ASX Listing Rules, subject to any waivers obtained by MYOB from time to time. ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit MYOB to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.

Topic	Summary
When are the Shares expected to commence trading?	It is expected that trading of the Shares on ASX will commence on 4 May 2015, initially on a conditional and deferred settlement basis. The contracts formed on acceptance of applications and confirmations of allocations will be conditional on ASX agreeing to quote the Shares on ASX, and on issue and transfer occurring. Trades occurring on ASX before issue and transfer occurring will be conditional on issue and transfer. Conditional trading will continue until MYOB has advised ASX that: (i) the Shares to be sold by the Selling Shareholders have been transferred to SaleCo; and (ii) MYOB has issued Shares, and SaleCo has transferred Shares, to successful applicants and bidders under the Offer, which is expected to be on or about 7 May 2015. From 7 May 2015, trading will be on an unconditional but deferred settlement basis until MYOB has advised ASX that holding statements have been dispatched to Shareholders. Normal settlement trading is expected to commence on or about 11 May 2015. If Settlement has not occurred within 14 days (or such longer period as ASX allows) after the day Shares are first quoted on ASX, the Offer and all contracts arising on acceptance of the Offer and confirmations of allocations will be cancelled and of no further effect and all application monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect. **It is the responsibility of each applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.** MYOB, SaleCo, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, even if such person received confirmation of allocation from the MYOB Information Line, by a Broker or otherwise.
Are there any escrow arrangements?	Yes. Details are provided in Section 7.9.
Has any ASIC relief or ASX waiver been obtained or been relied on?	Yes. Details are provided in Section 10.12.
Are there any tax considerations for Australian investors?	Refer to Section 10.10.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by applicants on acquisition of Shares under the Offer. See Section 10.7.1.1 for details of various fees payable by MYOB to the Joint Lead Managers and by the Joint Lead Managers to the Co-Managers and Brokers.
What should I do with any enquiries?	Enquiries in relation to this Prospectus may be directed to the MYOB Offer Information Line on 1800 992 613 (toll free within Australia) or +61 1800 992 613 (outside Australia) from 8:30am until 5:30pm (Sydney time) Monday to Friday. Enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

7.3 Retail Offer

7.3.1 Broker Firm Offer

7.3.1.1 Who may apply

The Broker Firm Offer is open to persons who have received a firm allocation of Shares from their Broker and who have a registered address in Australia or New Zealand and are not located in the United States. You should contact your Broker to determine whether you can receive an allocation of Shares from it under the Broker Firm Offer.

7.3.1.2 How to apply

If you have received an allocation of Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and application monies are received before 5:00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation of Shares. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applicants under the Broker Firm Offer should contact their Broker about the minimum and maximum Application size. MYOB, SaleCo and the Joint Lead Managers reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person. MYOB may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

MYOB , SaleCo, the Joint Lead Managers and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9:00am (Sydney time) on 15 April 2015 and is expected to close at 5:00pm (Sydney time) on 27 April 2015. MYOB, SaleCo and the Joint Lead Managers may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Contact your Broker for instructions.

7.3.1.3 How to pay

Applicants under the Broker Firm Offer must pay their application monies to their Broker in accordance with instructions provided by that Broker.

7.3.1.4 Allocation policy under the Broker Firm Offer

The allocation of firm stock to Brokers will be determined by agreement between the Joint Lead Managers, the Company and SaleCo. Shares that have been allocated to Brokers for allocation to their Australian resident clients will be issued or transferred to the applicants nominated by those Brokers. It will be a matter for each Broker as to how it allocates firm Shares among their retail clients, and it (and not the Company, SaleCo or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received a firm allocation from it receive the relevant Shares.

7.3.2 Priority Offer

The Priority Offer is open to investors nominated by MYOB who have a registered address in Australia or New Zealand and are not located in the United States. If you are a Priority Offer applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer from MYOB.

Your personalised invitation will indicate an amount of Shares that you may apply for. This amount is not a guaranteed allocation but will be granted subject to the overall level of Applications received under the Priority Offer. In the event that the demand for Shares under the Priority Offer exceeds the amount of Shares available under the Priority Offer, your Application may need to be scaled back.

MYOB otherwise has absolute discretion regarding the allocation of Shares to applicants in the Priority Offer and may reject an Application, or allocate fewer Shares than the number or equivalent dollar amount applied for, in its absolute discretion.

Any required refunds will be paid by the Share Registry following the allotment of Shares as set out in Section 7.3.5.

Priority Offer applicants must apply for Shares online and must comply with the instructions on the website, www.myobshareoffer.com.au.

Applications under the Priority Offer for an amount less than the amount indicated on your personalised invitation must be for a minimum of $1,000 worth of Shares and in multiples of $500 worth of Shares thereafter.

Payment may be made via BPAY® only. Application monies must be received by the Share Registry by 5:00pm (Sydney time) on 27 April 2015.

To make a payment via BPAY®, you will need to apply online at www.myobshareoffer.com.au and must comply with the instructions on the website. It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5:00pm (Sydney time) on 27 April 2015. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

7.3.3 Employee Offer

The Employee Offer is open to Eligible Employees. The Employee Offer is an offer by MYOB only.

Eligible Employees are Australian resident permanent full time or part time employees of a member of the MYOB Group as at 5:00pm (Sydney time) on the Prospectus Date and who are not located in the United States (provided that they remain so employed and have not given, or been given, notice to terminate employment when the Employee Offer closes). A separate offer of Shares will be made to New Zealand resident employees of a member of the MYOB Group after Completion.

Eligible Employees may apply for Shares online and must comply with the instructions on the website, www.myobshareoffer.com.au. Applications must be received before the Closing Date.

The Employee Offer allows Eligible Employees to apply for Shares at a discounted price of 50% of the Final Price. Eligible Employees may apply for between $500 and $1,000 worth of Shares (calculated at the Final Price). That is, an Eligible Employee would need to pay $500 to receive a $1,000 allocation ($250 for a $500 allocation).

Eligible Employees who apply for Shares under the Employee Offer must do so on the Offer website and payment for those Shares will be made through a direct deduction from their pre-tax salary from the MYOB Group which MYOB will arrange. By applying for Shares under the Employee Offer, each Eligible Employee is authorising and directing MYOB to make the required payroll deductions. MYOB will provide all Eligible Employees with instructions on the application process to be followed.

7.3.4 Acceptance of Applications under the Retail Offer

An Application in the Retail Offer is an offer by you to MYOB and SaleCo (except the Employee Offer, which is an offer by MYOB only) to apply for Shares in the dollar amount specified in the Application Form at the Final Price (or, in the case of the Employee Offer, at a discount of 50% to the Final Price) on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. At the time of making an Application, an applicant will not know the precise number of Shares they will be allocated and the price paid per Share; this will not be known until the Final Price is determined as set out in Section 7.4. To the extent permitted by law, an Application by an applicant may not be varied and is irrevocable.

Subject to any guaranteed minimum allocations specified above, an Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to successful applicants conditional on Settlement and the quotation of Shares on ASX on an unconditional basis.

MYOB, SaleCo and the Joint Lead Managers reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the applicant in completing their Application.

Subject to the guaranteed minimum allocation, the final allocation of Shares to applicants in the Retail Offer will be at MYOB's absolute discretion and MYOB may reject an Application, or allocate fewer Shares than the number or equivalent dollar amount applied for.

Successful applicants in the Retail Offer will be allotted Shares at the Final Price. Successful Applicants in the Retail Offer will receive the number of Shares equal to the value of their Application accepted by MYOB and SaleCo divided by the Final Price (rounded down to the nearest whole Share). No refunds pursuant solely to rounding will be provided.

7.3.5 Application monies

Application monies received under the Retail Offer will be held in a special purpose account until Shares are issued or transferred to successful applicants. Applicants under the Retail Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in MYOB's discretion provided with) a refund (without interest) of all or part of their application monies, as applicable. No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on application monies pending the allocation or refund will be retained by MYOB.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your cheque(s), bank draft(s) or BPAY® payment. If the amount of your cheque(s), bank draft(s) or BPAY® payment for application monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares.

7.4 Institutional Offer

7.4.1 Invitations to bid

MYOB and SaleCo invite certain eligible Institutional Investors to bid for Shares in the Institutional Offer. The Institutional Offer will be in two parts:

- an invitation to Australian and New Zealand resident Institutional Investors to bid for Shares – made under this Prospectus; and
- an invitation to Institutional Investors in the United States and other eligible Institutional Investors in jurisdictions outside Australia and New Zealand – made under the Institutional Offering Memorandum.

7.4.2 Institutional Offer and the Indicative Price Range

The Institutional Offer will be conducted using a bookbuild process managed by the Joint Lead Managers. Full details of how to participate, including bidding instructions, will be provided to eligible participants by the Joint Lead Managers.

Participants can only bid into the bookbuild for Shares through the Joint Lead Managers. They may bid for Shares at specific prices or at the Final Price. Participants may bid above or within the Indicative Price Range, which is $3.00 to $4.00 per Share. Under the terms of the OMA, the Final Price will be determined by agreement between the Joint Lead Managers, the Company and SaleCo, after the close of the Retail Offer and the Institutional Offer as described in Section 7.4. The Institutional Offer will open on 29 April 2015 and close on 30 April 2015. The Joint Lead Managers, the Company and SaleCo reserve the right to vary the times and dates of the Offer, including to close the Offer early, extend the Closing Date or accept late Applications or bids, either generally or in particular cases, without notification.

Bids in the Institutional Offer may be amended or withdrawn at any time up to the close of the Institutional Offer. Any bid not withdrawn at the close of the Institutional Offer is an irrevocable offer by the relevant bidder to apply or procure applicants for the Shares bid for (or such lesser number as may be allocated) at the price per Share bid or at the Final Price, where this is below the price per Share bid, on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and in accordance with any bidding instructions provided by the Joint Lead Managers to participants.

Bids can be accepted or rejected in whole or in part without further notice to the bidder. Acceptance of a bid will give rise to a binding contract on allocation of Shares to successful bidders conditional on Settlement and the quotation of Shares on ASX on an unconditional basis.

Details of the arrangements for notification and settlement of allocations applying to participants in the Institutional Offer will be provided to participants in the bookbuild process.

7.4.3 Final Price

The institutional bookbuild process will be used to determine the Final Price. Under the terms of the OMA, the Final Price will be determined by agreement between the Joint Lead Managers, the Company and SaleCo after the close of the Retail Offer and the Institutional Offer. It is expected that the Final Price will be announced to the market on 1 May 2015. In determining the Final Price, consideration will be given to, but will not be limited to, the following factors:

- the level of demand for Shares under the Institutional Offer at various prices;
- the level of demand for Shares under the Retail Offer;
- the objective of maximising the proceeds of the Offer; and
- the desire for an orderly secondary market in the Shares.

The Final Price will not necessarily be the highest price at which Shares could be sold. The Final Price may be set below, within or above the Indicative Price Range. All successful bidders under the Institutional Offer will pay the Final Price.

7.4.4 Allocation policy under the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer will be determined by agreement between the Joint Lead Managers, the Company and SaleCo. The Joint Lead Managers, the Company and SaleCo have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

The initial determinant of the allocation of Shares under the Institutional Offer will be the Final Price. Bids lodged at prices below the Final Price will not receive an allocation of Shares.

The allocation policy will also be influenced by, but not constrained by, the following factors:

- the price and number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders; and
- any other factors that the Joint Lead Managers, the Company and SaleCo consider appropriate, in their sole discretion.

7.5 Noteholder Exchange Offer

7.5.1 Existing Retail Noteholder Exchange

The Noteholder Exchange Offer is only open to Eligible Retail Noteholders. Eligible Retail Noteholders are those holders of Existing Retail Notes at the Noteholder Exchange Closing Date who continue to hold Existing Retail Notes on the date they are Exchanged and who are residents of Australia or New Zealand and who are not located in the United States. The Noteholder Exchange Offer is an offer by MYOB only.

Eligible Retail Noteholders will receive an Exchange Notice via the contact details registered with the Share Registry (either postal mail or email) in relation to their holding of Existing Retail Notes. The Exchange Notice will explain the online Exchange Notice declaration and Noteholder Exchange Offer application process which will be completed at the Offer website www.myobshareoffer.com.au. If an Eligible Retail Noteholder validly completes and lodges online the Exchange Notice and online Exchange Application Form by the Noteholder Exchange Closing Date, that Eligible Retail Noteholder will receive a guaranteed allocation of Shares (as a result of the Exchange) under the Offer as outlined below. If an Eligible Retail Noteholder wishes to submit an application for the Noteholder Exchange Offer and cannot access or submit their application using the Offer website, they should contact the Share Registry as early as possible using the contact details in the below paragraph to request a paper Exchange Notice and Application Form.

Under the Noteholder Exchange Offer, each Exchanging Eligible Retail Noteholder will be issued a number of Shares equal to the principal outstanding on the Exchanged Existing Retail Notes divided by 97.5% of the Final Price. Exchange Notices will be distributed to Eligible Retail Noteholders within three days of the date of this Prospectus. Please call the MYOB Offer Information Line on 1800 992 613 (within Australia) or +61 1800 992 613 (outside Australia) if you purchased your Existing Retail Notes after 7pm on 30 March 2015, or did not receive an Exchange Notice.

Your Exchange Notice and Application Form must be submitted online at the Offer website by the Noteholder Exchange Closing Date. You must continue to hold the Existing Retail Notes you intend to Exchange on the date the Retail Notes Register is closed, which is expected to be 22 April 2015 (and subsequently on the date they are Exchanged).

Interest that has accrued on Existing Retail Notes up to the date on which Shares are issued or transferred as a result of Exchange will be paid to Exchanging Eligible Retail Noteholders on or about the date Exchange occurs (currently expected to be on Completion).

Subject to any suspension from trading of the Existing Retail Notes, the last day on which an investor could buy Existing Retail Notes in the normal course of trading on ASX and settlement on the Clearing House Electronic Subregister System ("**CHESS**") in order to appear on the Retail Notes Register on the Noteholder Exchange Closing Date is 15 April 2015.

Eligible Retail Noteholders who do not complete and lodge their Exchange Notice or Exchange Application Form will not be entitled to receive a guaranteed allocation of Shares under the Offer and will continue to hold their Existing Retail Notes which the Retail Notes Issuer is entitled to redeem – see Section 7.5.4. The Retail Notes Issuer currently intends to redeem the Existing Retail Notes Exchanged as part of the Noteholder Exchange Offer on or following Completion.

The Existing Retail Notes are currently proposed to be suspended from trading on ASX on 15 April 2015, being the date that is five business days before the Noteholder Exchange Closing Date. This is to enable all Eligible Retail Noteholders to have a fair and reasonable opportunity to accept the Noteholder Exchange Offer before the Noteholder Exchange Closing Date.

The Retail Notes Issuer currently intends to close the Retail Notes Register at 5.00pm (Sydney time) on the Noteholder Exchange Closing Date.

7.5.2 Applications for additional Shares by Exchanging Eligible Retail Noteholders

If Eligible Retail Noteholders Exchange all of their Existing Retail Notes, they may apply for additional Shares at the Final Price (not including any discount) and will receive a priority (but not guaranteed) allocation. Eligible Retail Noteholders who Exchange none or only a proportion of their Existing Retail Notes cannot apply for additional Shares.

Applications for additional Shares can only be made on the Offer website at the same time Exchanging Retail Noteholders submit their online Exchange Application Form. If you apply for additional Shares, the minimum Application size is $1,000. Payment of application monies will be accepted via BPAY® in accordance with the instructions on the Offer website and must be received by the Noteholder Exchange Closing Date.

The aggregate value of Applications for additional Shares by Eligible Retail Noteholders will be placed as a Final Price bid in the bookbuild under the Institutional Offer and will accordingly be subject to scale back. The total number of additional Shares allocated will be determined according to the allocation policy under the Institutional Offer (refer to Section 7.4).

7.5.3 Application monies

Application monies received for additional Shares via BPAY® will be held in a special purpose account until Shares are issued or transferred to Exchanging Eligible Retail Noteholders. Applications for additional Shares that are not accepted, or which are allocated a lesser dollar amount of additional Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded and any interest earned on application monies pending the allocation or refund will be retained by MYOB.

Exchanging Eligible Retail Noteholders whose Applications for additional Shares are accepted in full will receive the whole number of Shares calculated by dividing the application monies by the Final Price. Where the Final Price does not divide evenly into the application monies, the number of additional Shares to be allocated will be rounded down to the nearest whole number of Shares. In this circumstance, surplus application monies resulting from unallocated fractions of Shares will become assets of MYOB.

7.5.4 Redemption of Existing Retail Notes not Exchanged by Existing Retail Noteholders

The Retail Notes Issuer intends to redeem any outstanding Existing Retail Notes, subject to the Offer proceeding, on Completion. On redemption, Existing Retail Noteholders will receive 101% of the principal outstanding on the Existing Retail Notes (i.e. $101.00 for each Existing Retail Note). In addition, any accrued interest must also be paid at the time of redemption, which is currently anticipated to be on or around Completion.

If the Offer does not proceed, then all of the Existing Retail Notes (including those in respect of which an Exchange Notice and Exchange Application Form are submitted) will remain on issue on their current terms.

7.6 Restrictions on distribution

No action has been taken to register or qualify the Shares that are the subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia and New Zealand. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US securities laws. Offers to any persons in the United States are only being made pursuant to, and in accordance with the terms described in, the Institutional Offering Memorandum.

This Prospectus may not be distributed in the United States unless it is attached to, or constitutes part of, the Institutional Offering Memorandum that describes selling restrictions applicable in the United States, and may only be distributed to persons to whom the Offer may be lawfully made in accordance with the laws of any applicable jurisdiction.

Each bidder in the Retail Offer, and each person in Australia or New Zealand to whom the Institutional Offer and the Noteholder Exchange Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US securities laws;
- it is not in the United States;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and

- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia and New Zealand except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction which Shares are offered and sold.

Each bidder under the Institutional Offer will be required to make certain representations, warranties and undertakings set out in the confirmation of allocation letter distributed to it.

7.7 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue or transfer of Shares to successful applicants. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest).

The Joint Lead Managers, the Company and SaleCo also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any applicant or bidder fewer Shares than applied or bid for.

7.8 ASX listing, registers and holding statements, and conditional and deferred settlement trading

7.8.1 Application to ASX for listing of MYOB and quotation of Shares

The Company has applied to ASX for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code '**MYO**').

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit MYOB to the Official List is not to be taken as an indication of the merits of MYOB or the Shares offered under this Prospectus.

If permission is not granted for the official quotation of the Shares on ASX within three months after such application is made (or any later date permitted by law), all application monies received by MYOB will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

Subject to certain conditions (including any waivers obtained by MYOB from time to time), the Company will be required to comply with the ASX Listing Rules.

7.8.2 CHESS and issuer sponsored holdings

MYOB will apply to participate in CHESS and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. For all successful applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. MYOB and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.8.3 Conditional and deferred settlement trading and selling Shares on-market

It is expected that the Shares will commence trading on ASX on or about 4 May 2015, initially on a conditional and deferred settlement basis.

The contracts formed on acceptance of Applications and bids will be conditional on ASX agreeing to quote the Shares on ASX, and on settlement occurring under the OMA and SaleCo's acceptance of the irrevocable offers to sell Sale Shares made by the Selling Shareholders to SaleCo under the irrevocable sale offers ("**Settlement**"). Trades occurring on ASX before Settlement will be conditional on Settlement occurring.

If the Offer is withdrawn after Shares have commenced trading on a conditional and deferred settlement basis, all contracts for the sale of the Shares on ASX would be cancelled and any application monies received would be refunded as soon as possible (without interest).

Conditional trading will continue until the Company has advised ASX that Settlement has occurred, which is expected to be on or about 6 May 2015. Trading will then be on an unconditional but deferred delivery basis until the Company has advised ASX that holding statements have been dispatched to Shareholders. Normal settlement trading is expected to commence on or about 11 May 2015.

If Settlement has not occurred within 14 days (or such longer period as ASX allows) after the day Shares are first quoted on ASX, the Offer and all contracts arising on acceptance of the Offer and confirmations of allocations will be cancelled and of no further effect and all application monies will be refunded (without interest). In these circumstances, all purchases and sales made through ASX participating organisations during the conditional trading period will be cancelled and of no effect.

To assist applicants in determining their allocation prior to receipt of a holding statement, MYOB will announce details of pricing and the basis of allocations in various newspapers on 1 May 2015. After the basis for allocations has been determined, applicants will also be able to call the MYOB Offer Information Line on 1800 992 613 (toll free within Australia) or +61 1800 992 613 (outside Australia) in each case, open from 8:30am to 5:30pm (Sydney time) Monday to Friday until Completion, or their Broker to confirm their allocations.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Joint Lead Managers, MYOB, SaleCo and the Share Registry disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the MYOB Offer Information Line or confirmed your firm allocation of Shares through a Broker.

7.8.4 Summary of rights and liabilities attaching to Shares, Performance Shares and other material provisions of the Constitution

The rights and liabilities attaching to the ownership of the Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the Official List.

7.8.4.1 Voting at a general meeting

At a general meeting of the Company, every shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid share held by the shareholder.

7.8.4.2 Meetings of members

Each Shareholder is entitled to receive notice of, attend, and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

7.8.4.3 Dividends

The Board may by resolution either:

- declare a dividend and fix the amount, the time for and method of payment; or
- determine a dividend or interim dividend is payable and fix the amount, the time for and method of payment.

For further information in respect of the Company's proposed dividend policy, see Section 4.10.

7.8.4.4 Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Listing Rules or the ASX Settlement Operating Rules. Subject to compliance with the ASX Listing Rules and the ASX Settlement Operating Rules, Shares may be transferred by a written instrument of transfer in any usual or common form or by any other form approved by the Directors.

The Board may, in its absolute discretion, refuse to register a transfer of Shares in any of the circumstances permitted by the ASX Listing Rules. The Board must refuse to register a transfer of Shares when required to do so by the ASX Listing Rules.

7.8.4.5 Issue of further shares

Subject to the Corporations Act, the ASX Listing Rules and the Constitution, the Directors may issue and allot, or dispose of, shares on terms determined from time to time by the Directors at an issue price that the Directors determine from time to time and to shareholders whether in proportion to their existing shareholdings or otherwise, or to such other persons as the Directors may determine from time to time. The Directors' power under the Constitution includes the power to grant options over unissued shares and issue and allot shares; with any preferential, deferred or special rights, privileges or conditions; with any restrictions in regard to dividend, voting, return of capital or otherwise; which are liable to be redeemed or converted; or which are bonus shares for whose issue no consideration is payable to the Company.

7.8.4.6 Winding up

Without prejudice to the rights of the holders of shares issued on special terms and conditions, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the shareholders in kind all or any of the Company's assets; and for that purpose, determine how it will carry out the division between the different classes of shareholders, but the liquidator may not require a shareholder to accept any shares or other securities in respect of which there is any liability.

7.8.4.7 Non-marketable parcels

Where the Company complies with the relevant procedure outlined in the Constitution, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

7.8.4.8 Share buy-backs

Subject to the Corporations Act and the ASX Listing Rules, the Company may buy shares in the Company on terms and at times determined by the Board.

7.8.4.9 Variation of class rights

At present, the Company's only class of shares on issue will be Shares. The rights attached to any class of shares may be varied in accordance with the Corporations Act.

7.8.4.10 Dividend reinvestment plan

The Directors may establish a plan under which shareholders may elect to reinvest cash dividends paid or payable by the Company, by acquiring by way of issue or transfer (or both) shares in the Company or any other body. The Directors have no current intention to establish a dividend reinvestment plan.

7.8.4.11 Directors – appointment and rotation

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum number of Directors is 10 unless determined otherwise by the Board. Directors are elected at general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the managing director) holds office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or three years, whichever is longer. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

7.8.4.12 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. Subject to the ASX Listing Rules, in the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote in addition to a deliberative vote.

7.8.4.13 Directors – remuneration

The Directors, other than an Executive Director, will be paid by way of fees for services up to the maximum aggregate sum per annum as may be approved from time to time by the Company in general meeting. The current maximum aggregate sum per annum is $2,000,000, with the initial remuneration of the Directors set out in Section 6.3.2. Any change to that maximum aggregate sum needs to be approved by Shareholders. Pursuant to the Constitution, Non-Executive Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

7.8.4.14 Indemnities

The Company, to the extent permitted by law, indemnifies every person who is or has been a director or secretary of the Company against any liability incurred by that person as an officer of the Company (including liabilities incurred by the officer as a director or secretary of a subsidiary of the Company where the Company requested the officer to accept that appointment), and reasonable legal costs incurred or allegedly incurred by that person as an officer of the Company (including such legal costs incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment). The Company, to the extent permitted by law, may advance to an officer an amount which it might otherwise be liable to pay to the officer under the terms of the indemnity outlined above. The Company may enter into a deed with any officer of the Company to give effect to those matters outlined in this paragraph.

The Company, to the extent permitted by law, may pay a premium for a contract insuring a person who is or has been a Director against liability incurred by that person as a Director.

7.8.4.15 Amendment

The Constitution may be amended only by special resolution passed by at least three quarters of the votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

7.8.4.16 Performance Shares

For a description of the rights and obligations of Performance Shares, refer to Section 6.3.4.1.

7.9 Voluntary escrow arrangements

All of the existing Shares held on Completion by the Escrowed Shareholders (other than any Shares purchased by them under the Offer) will be subject to voluntary escrow arrangements (and, in the case of the Management Shareholders, the Performance Shares and any Shares converted from Performance Shares will also be subject to voluntary escrow arrangements).

7.9.1 Bain Capital

Under the terms of the voluntary escrow arrangements, subject to certain exceptions described below, Shares held by Bain Capital on Completion may only be sold in the period prior to MYOB's financial results being released for the 6 month period ending 30 June 2016 on the following basis:

Securities to be released from escrow	Escrow release conditions
One third of Shares held on Completion	The first date on which both the conditions below have been satisfied: • MYOB's full year financial results for FY2015 released to ASX; and • Company VWAP calculated over a period of 20 consecutive trading days beginning on a trading day on or after release of those financial results is at least 20% higher than the Final Price (disregarding any trading day during which Shares are in trading halt for the enterety of that day).

The Company VWAP means the "volume-weighted average market price" as that term is defined in the ASX Listing Rules (calculated to two decimal places of one cent).

After 4:15pm (Sydney time) on the date on which the financial results of the Company for the six month period ending 30 June 2016 are released to ASX, all remaining Shares held by Bain Capital will cease to be subject to escrow restrictions.

In addition to the common exceptions to escrow described below, Bain Capital may encumber any or all of its Shares to a bona fide third party financial institution as security for a loan, hedge or other financial accommodation, provided that the encumbrance does not in any way constitute a direct or indirect disposal of the economic interests, or decrease an economic interest, that Bain Capital has in any of its escrowed Shares and no escrowed Shares may be transferred to the financial institution in connection with the encumbrance (with the documentation for such encumbrance making it clear that the escrowed Shares remain in escrow and subject to the voluntary escrow arrangements for the term of those arrangements).

7.9.2 Management Shareholders

All Shares held on Completion by Management Shareholders (other than any Shares acquired by them under the Offer), and all Performance Shares, will also be subject to voluntary escrow arrangements. No Performance Shares may be transferred until they are converted to Shares, other than transfers to family members or family investment entities. Any Shares converted from Performance Shares on 30 September 2016 will be subject to voluntary escrow arrangements until 30 September 2017. Any Shares converted from Performance Shares on 30 September 2017 will not be subject to any voluntary escrow arrangements. Under the terms of those escrow arrangements, subject to certain customary exceptions, Shares may only be sold on the following basis:

After	The % of escrowed Shares that each Management Shareholder may sell is
4:15pm (Sydney time) on the day on which the Company releases its preliminary final report with respect to the half year ending 30 June 2016	50%
4:15pm (Sydney time) on the day on which the Company releases its preliminary final report with respect to the half year ending 30 June 2017	All remaining escrowed Shares will cease to be subject to escrow restrictions

In addition, the Management Shareholders' Shares will be released from voluntary escrow in circumstances where the relevant Management Shareholder dies, or has a serious disability or permanent incapacity through ill health.

7.9.3 Terms common to all voluntary escrow arrangements

Each Escrowed Shareholder has agreed to enter into an escrow deed in respect of their Shareholding held on Completion of the Offer (other than Shares acquired under the Offer), which prevents them from disposing of their respective escrowed Shares for the applicable escrow period as described above. The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Shares, encumbering or granting a security interest over the Shares (except to the extent permitted by the deed as outlined in this Section 7.9), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any those things.

All of the Escrowed Shareholders may be released early from these escrow obligations to enable in summary:

- the Escrowed Shareholder to accept an offer under a takeover bid in relation to its Shares if holders of at least half of the Shares the subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid (or in the case of Bain Capital, if its acceptance would cause holders of at least half of such Shares to have accepted the bid);
- the Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act; or
- Escrowed Shareholders to participate in an equal access buyback or equal return of capital or other similar pro rata reorganisation.

During the escrow period, Escrowed Shareholders whose Shares remain subject to escrow may dispose of any of their Shares to the extent the disposal is required by applicable law (including an order of a court of competent jurisdiction) to the extent the disposal is to an affiliate or affiliated fund entity (in the case of Bain Capital) or to a trust or entity which the Escrowed Shareholder controls (in the case of the Management Shareholders) where the transferee also enters into an escrow arrangement with the Company on substantially the same terms. To avoid doubt, to the extent there is any inconsistency between the provisions of the Management Shareholders' escrow deeds and the Performance Shares terms, the Performance Share terms prevail.

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Independent Limited Assurance Report on Historical Financial Information

8 Independent Limited Assurance Report on Historical Financial Information

The Directors
MYOB Group Limited
Level 3, 235 Springvale Road
Glen Waverley VIC 3150

The Directors
MYOB Retail Limited
Level 3, 235 Springvale Road
Glen Waverley VIC 3150

14 April 2015

Dear Directors

Independent Limited Assurance Report on MYOB Group Limited Historical Financial Information and Financial Services Guide

We have been engaged by MYOB Group Limited (the **Company**) and MYOB Retail Limited (**SaleCo**) (collectively, **you**) to report on the consolidated historical financial information of the Company for inclusion in the prospectus (**Prospectus**) dated on or about 31 March 2015 and relating to the issue and sale of Shares in the Company and listing of the Company on the Australian Securities Exchange (the **Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report, unless otherwise specified.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001 (Cth). PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001 (Cth). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following financial information of the Company included in the Prospectus (collectively, the **Historical Financial Information)**:

a) **Statutory Historical Financial Information**, being the:

   i. statutory consolidated historical revenue and net profit after tax (NPAT) for the financial years ended 31 December 2012 (**FY2012**), 31 December 2013 (**FY2013**) and 31 December 2014 (**FY2014**);
   ii. statutory consolidated historical net free cash flows from operating activities before financing, taxation and dividends for FY2012, FY2013 and FY2014; and
   iii. statutory consolidated historical balance sheet as at 31 December 2014.

b) **Pro forma Historical Financial Information**, being the:

   i. pro forma consolidated historical income statements for FY2012, FY2013 and FY2014;

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ii. pro forma consolidated historical cash flow statements for FY2012, FY2013 and FY2014; and
iii. pro forma consolidated historical balance sheet as at 31 December 2014,

which in each case assumes pro forma adjustments (such as completion of the Offer) which are described in the Prospectus.

Statutory Historical Financial Information

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies as described in Appendix A of the Prospectus. The Statutory Historical Financial Information has been extracted from financial reports of the Company for the years ended 31 December 2012, 31 December 2013 and 31 December 2014, which were audited by PricewaterhouseCoopers in accordance with Australian Auditing Standards. PricewaterhouseCoopers issued unqualified audit opinions on the financial reports.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *C*orporations Act 2001 (Cth).

Pro forma Historical Financial Information

The Pro forma Historical Financial Information has been derived from the Statutory Historical Financial Information of the Company, after adjusting for the effects of the pro forma adjustments described in section 4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 4 of the Prospectus, as if those events and transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Directors' Responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro forma Historical Financial Information.

This includes responsibility for its compliance with applicable laws and regulations and for such internal control as the directors determine are necessary to enable the preparation of Historical Financial Information that is free from material misstatement.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information, based on the review procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review 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 reasonable 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical Financial Information.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information of the Company, as described in section 4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information of the Company as described in section 4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Statutory Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 4 of the Prospectus, as if those events and transactions had occurred as at the date of the Historical Financial Information.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 4 of the Prospectus, which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Charles Humphrey
Director and Authorised Representative of
PricewaterhouseCoopers Securities Ltd

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Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 31 March 2015

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by MYOB Group Limited (the **Company**) and MYOB Retail Limited (**SaleCo**) (collectively, **you**) to provide a report in the form of an Independent Limited Assurance Report on the Company's Historical Financial Information (the **Report**) in relation to the proposed issue and sale of Shares in the Company and listing of the Company on the Australian Securities Exchange, for inclusion in the prospectus dated on or about 31 March 2015.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide (**FSG**) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report our fees are charged on an hourly basis and the Company has paid, or agreed to pay, approximately $1.425 million (excluding disbursements and GST) for the above services up until the Prospectus Date.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. In relation to MYOB Group, PricewaterhouseCoopers is the auditor.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("**FOS**"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Charles Humphrey
Director and Authorised Representative
PricewaterhouseCoopers Securities Ltd

Darling Park Tower 2,
201 Sussex Street,
SYDNEY NSW 2000
GPO BOX 2650,
SYDNEY NSW 1171

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Independent Limited Assurance Report on Forecast Financial Information

9 Independent Limited Assurance Report on Forecast Financial Information

The Directors
MYOB Group Limited
Level 3, 235 Springvale Road
Glen Waverley VIC 3150

The Directors
MYOB Retail Limited
Level 3, 235 Springvale Road
Glen Waverley VIC 3150

14 April 2015

Dear Directors

Independent Limited Assurance Report on MYOB Group Limited Forecast Financial Information and Financial Services Guide

We have been engaged by MYOB Group Limited (the **Company**) and MYOB Retail Limited (**SaleCo**) (collectively, **you**) to report on the consolidated forecast financial information of the Company for inclusion in the prospectus (**Prospectus**) dated on or about 31 March 2015 and relating to the issue and sale of Shares in the Company and listing of the Company on the Australian Securities Exchange (the **Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report, unless otherwise specified.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001 (Cth). PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001 (Cth). This report is both an Independent Limited Assurance Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following financial information of the Company included in the Prospectus (collectively, the **Forecast Financial Information)**:

a) **Statutory Forecast Financial Information**, being the:

   i. statutory consolidated forecast income statements for the year ending 31 December 2015 (**FY2015**) and the half years ending 30 June 2015 (**1H2015**) and 30 June 2016 (**1H2016**)(**Statutory Forecast Results**); and
   ii. statutory consolidated forecast cash flow statements for FY2015, 1H2015 and 1H2016 (**Statutory Forecast Cash Flows**);

b) **June Forecast Financial Information**, being the:

   i. consolidated forecast income statements for the 12 months ending 30 June 2015 (**June-15**) and 30 June 2016 (**June-16**) (**June Forecast Results**); and
   ii. consolidated forecast cash flow statements for June-15 and June-16 (**June Forecast Cash Flows**); and

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c) **Pro forma Forecast Financial Information**, being the:

i. pro forma consolidated forecast income statement for June-15, FY2015, June-16, 1H2015 and 1H2016 (**Pro Forma Forecast Results**); and
ii. pro forma consolidated forecast cash flow statements for June-15, FY2015, June-16, 1H2015 and 1H2016 (**Pro Forma Forecast Cash Flows**),

which in each case assumes pro forma adjustments (such as completion of the Offer) which are described in the Prospectus.

Statutory Forecast Financial Information

The Statutory Forecast Financial Information, as described in section 4 of the Prospectus has been prepared in accordance with the directors' best-estimate assumptions underlying the Statutory Forecast Financial Information as described in section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

June Forecast Financial Information

The June Forecast Financial Information, as described in section 4 of the Prospectus has been prepared in accordance with the directors' best-estimate assumptions underlying the June Forecast Financial Information as described in section 4 of the Prospectus. The stated basis of preparation used in the preparation of the June Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro forma Forecast Financial Information

The Pro forma Forecast Financial Information, as described in section 4 of the Prospectus has been derived from the Company's Statutory Forecast Financial Information and the June Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in section 4 of the Prospectus. The stated basis of preparation used in the preparation of the Pro forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information, the June Forecast Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 4 of the Prospectus, as if those events and transactions had occurred as at the date of the Statutory Forecast Financial Information and June Forecast Financial Information. Due to its nature, the Pro forma Forecast Financial Information does not represent the Company's actual prospective financial performance, and/or cash flows for the years ending June-15, FY2015, June-16 and the half years ending 1H2015 and 1H 2016.

Directors' Responsibility

The directors of the Company are responsible for the preparation of the Forecast Financial Information, including its basis of preparation, the best-estimate assumptions underlying the Forecast Financial Information and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and to the June Forecast Financial Information and included in the Pro forma Forecast Financial Information.

This includes responsibility for its compliance with applicable laws and regulations and for such internal control as the directors determine are necessary to enable the preparation of Forecast Financial Information that is free from material misstatement.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information itself, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review 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 reasonable 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Forecast Financial Information.

Conclusions

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 4 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- the Statutory Forecast Financial Information itself is unreasonable.

June Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the June Forecast Financial Information do not provide reasonable grounds for the June Forecast Financial Information; and
- in all material respects, the June Forecast Financial Information:

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- – is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 4 of the Prospectus; and
- – is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and

- the June Forecast Financial Information itself is unreasonable.

Pro forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro forma Forecast Financial Information do not provide reasonable grounds for the Pro forma Forecast Financial Information, and
- in all material respects, the Pro forma Forecast Financial Information:
  - – is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 4 of the Prospectus, and
  - – is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Statutory Forecast Financial Information, the June Forecast Financial Information and the pro forma adjustments as if those adjustments had occurred as at the date of the Statutory Forecast Financial Information and June Forecast Financial Information, and
- the Pro forma Forecast Financial Information itself is unreasonable.

Statutory Forecast Financial Information, June Forecast Financial Information and Pro forma Forecast Financial Information

The Statutory Forecast Financial Information, June Forecast Financial Information and Pro forma Forecast Financial Information have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the years ending 30 June 2015, 31 December 2015 and 30 June 2016 and the half years ending 30 June 2015 and 2016. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast Financial Information, June Forecast Financial Information and Pro forma Forecast Financial Information since anticipated events and transactions frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Statutory Forecast Financial Information, June Forecast Financial Information and Pro forma Forecast Financial Information are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast Financial Information, June Forecast Financial Information and Pro forma Forecast Financial Information are based however such evidence is generally future-oriented and therefore speculative in nature.

We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast Financial Information, June Forecast Financial Information and Pro forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 1, 4 and 5 of the Prospectus. The sensitivity analysis described in section 4 of the Prospectus demonstrates the impact on the Pro forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast Financial Information, June Forecast Financial Information or Pro forma Forecast Financial Information will be achieved.

The Statutory Forecast Financial Information, June Forecast Financial Information and Pro forma Forecast Financial Information have been prepared by the directors for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast Financial Information, June Forecast Financial Information or Pro forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 4 of the Prospectus, which describes the purpose of the Forecast Financial Information, being for inclusion in the Prospectus. As a result, the Forecast Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Charles Humphrey
Director and Authorised Representative of
PricewaterhouseCoopers Securities Ltd

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 31 March 2015

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by MYOB Group Limited (the **Company**) and MYOB Retail Limited (**SaleCo**) (collectively, **you**) to provide a report in the form of an Independent Limited Assurance Report on the Company's Forecast Financial Information (the **Report**) in relation to the proposed issue and sale of Shares in the Company and listing of the Company on the Australian Securities Exchange, for inclusion in the prospectus dated on or about 31 March 2015.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide (**FSG**) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report our fees are charged on an hourly basis and the Company has paid, or agreed to pay, approximately $1.425 million (excluding disbursements and GST) for the above services up until the Prospectus Date.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. In relation to MYOB Group, PricewaterhouseCoopers is the auditor.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

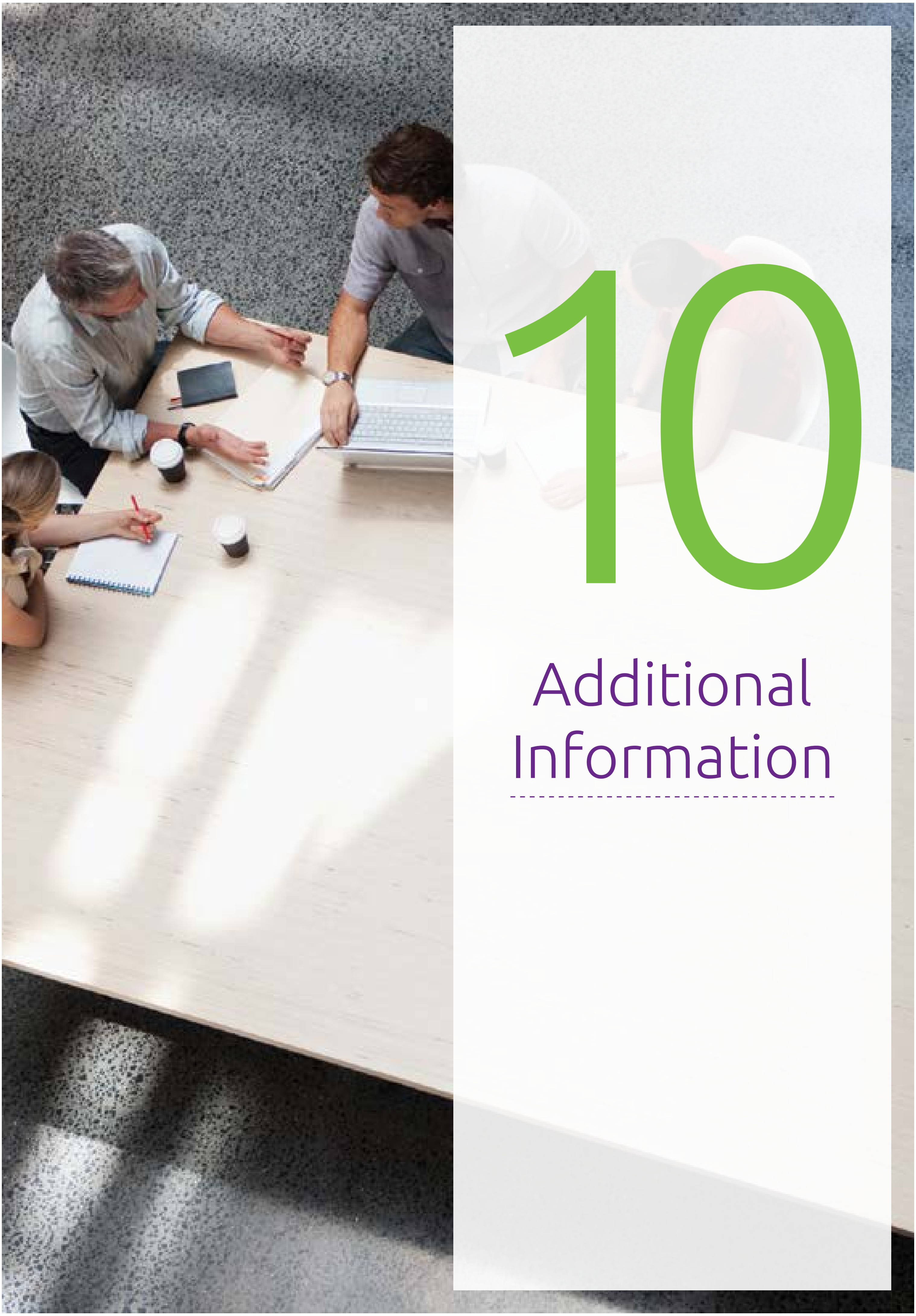
If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("**FOS**"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Charles Humphrey
Director and Authorised Representative
PricewaterhouseCoopers Securities Ltd

Darling Park Tower 2,
201 Sussex Street,
SYDNEY NSW 2000
GPO BOX 2650,
SYDNEY NSW 1171



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Additional Information

10 Additional Information

10.1 Registration

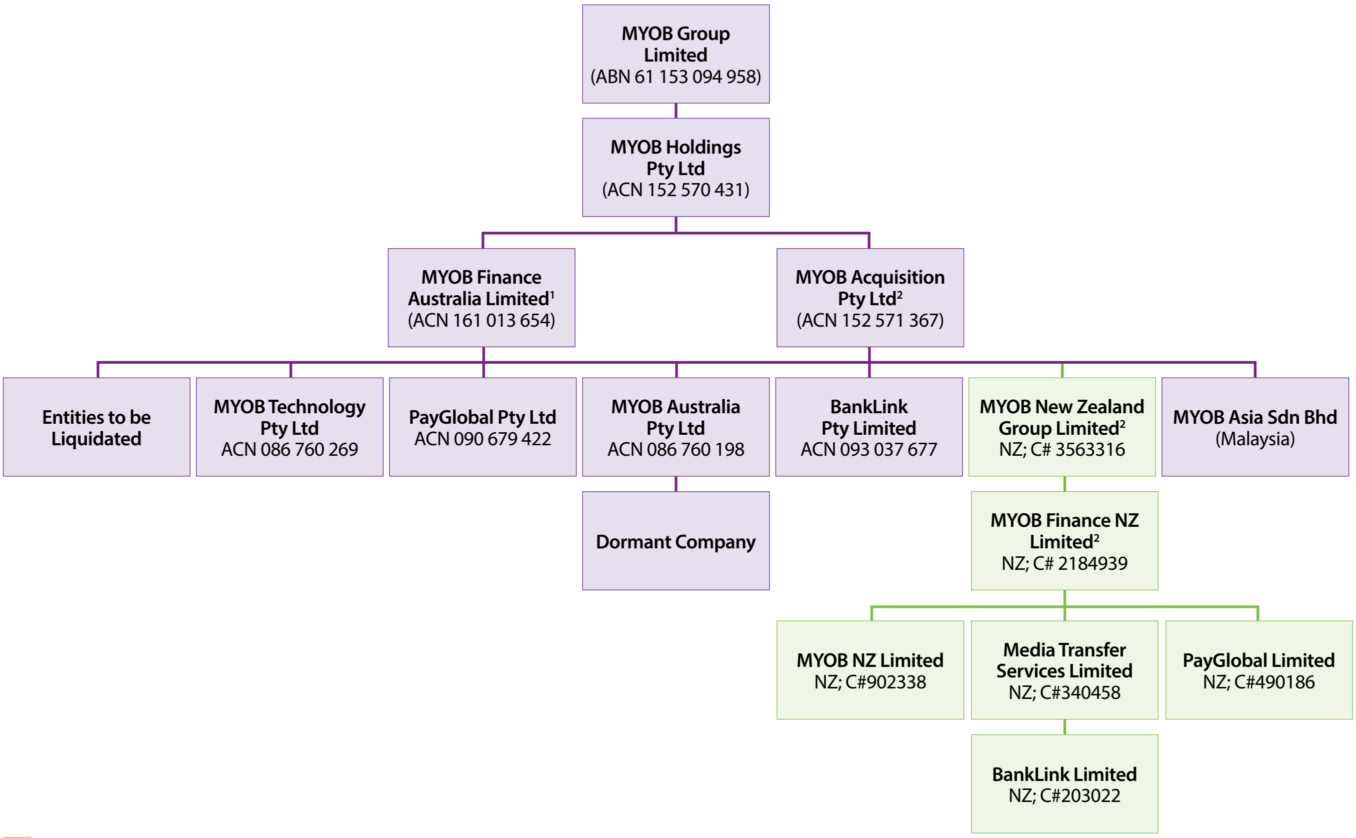
MYOB was registered in Victoria, Australia on 7 September 2011 as a private company, and was converted to a public company on 17 March 2015.

10.2 Company tax status and financial year

MYOB is and will be subject to tax at the Australian corporate tax rate. The financial year of MYOB ends on 31 December annually. New Zealand subsidiaries will be subject to tax in New Zealand.

10.3 Simplified corporate structure chart

The following diagram represents a simplified corporate structure of the Group on Completion:



New Zealand Entity.

1. Issuer of Retail Notes.
2. Borrower under New Banking Facilities.

10.4 Capital structure

The capital structure of the Company currently and on Completion is described below:

Capital structure at Prospectus Date	Proposed capital structure on Completion
354,770,807 Shares	594,063,988 Shares
48,111,776 Management A Shares will be consolidated and will then convert into 3,547,710 Shares and 21,286,246 Performance Shares	21,286,246 Performance Shares
87,096,162 Redeemable Preference Shares, which will be redeemed in their entirety on Completion	

Note: Proposed capital structure on Completion based on the Mid-Point Final Price and 50% Retail Note Exchange.

10.5 Participation in issues of securities

Except as described in this Prospectus, the Company has not granted, or proposed to grant, any rights to any person, or to any class of person, to participate in an issue of the Company's securities.

10.6 Sale of existing Shares

SaleCo, a special purpose vehicle, has been established to facilitate the sale of Shares held by the Selling Shareholders.

The Selling Shareholders have executed deeds in favour of, and for the benefit of, SaleCo under which they agree to sell some of their Shares to SaleCo free from encumbrances and third party rights and conditional on Completion.

The Shares that SaleCo acquires from the Selling Shareholders will be transferred to successful applicants under the Offer at the Final Price. The price payable by SaleCo for those Shares is the Final Price. SaleCo does not make offers under the Employee Offer or the Noteholder Exchange Offer. The Company will also issue Shares to successful applicants under the Offer.

SaleCo has no material assets, liabilities or operations other than its interest in the Offer Management Agreement and the deeds described above. The shareholder of SaleCo is Tim Reed, and the directors of SaleCo are Tim Reed, Richard Moore and Ian Boylan. The Company has indemnified SaleCo, and the directors of SaleCo, for any loss that SaleCo, or the directors of SaleCo, may incur as a consequence of the Offer.

Details of the number of Shares that Selling Shareholders will sell to SaleCo is provided in Section 7.1.

10.7 Material contracts

10.7.1 Offer Management Agreement

The Joint Lead Managers, the Company and SaleCo have entered into an offer management agreement, dated 31 March 2015 ("**Offer Management Agreement** " or **"OMA**"). Under the Offer Management Agreement, the Joint Lead Managers have agreed to arrange and manage and provide settlement support for the Institutional Offer and Broker Firm Offer.

10.7.1.1 Commissions, fees and expenses

The Company must pay to the Joint Lead Managers in equal proportions and in accordance with the Offer Management Agreement a base fee equal to 1.90% of the proceeds of the Institutional Offer, Broker Firm Offer and Priority Offer, and a noteholder Exchange fee equal to 1.00% of (A) the total number of Shares sold or issued to participants in the Noteholder Exchange Offer multiplied by the Noteholder Exchange Offer Price; and (B) the total number of additional Shares sold or issued to participants in the Noteholder Exchange Offer multiplied by the Final Price. The Company may also elect, at its absolute discretion, to pay the Joint Lead Managers an incentive fee of 0.85% of the total Offer proceeds. The Company has agreed to reimburse the Joint Lead Managers for reasonable costs and expenses incurred by the Joint Lead Managers in relation to the Offer. The Company has authorised the Joint Lead Managers to pay any fees or expenses of Co-Managers or Brokers out of fees payable to them (and such fees will not be borne by the Company).

10.7.1.2 Termination events

A Joint Lead Manager may terminate the Offer Management Agreement, at any time after the date of the Offer Management Agreement and on or before 10:00am on the date for settlement under the Offer by notice to the other parties if any of the following events occur:

(a) a material statement in any of the offer documents is or becomes misleading or deceptive or is likely to mislead or deceive, or material matter required to be included is omitted from the offer documents (including, without limitation having regard to the provisions of Part 6D 2 of the Corporations Act);

(b) the Institutional Offering Memorandum or the Pricing Disclosure Package includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(c) the Company and SaleCo issue or, in the reasonable opinion of the Joint Lead Manager, are required to issue, a supplementary prospectus to comply with section 719(1) of the Corporations Act or to amend or supplement, in any material respect, the Institutional Offering Memorandum or the Pricing Disclosure Package or the Company and SaleCo lodge a supplementary prospectus with ASIC in a form that has not been approved by the Joint Lead Managers;

(d) at any time the S&P 500 Index or ASX 200 Index falls to a level that is 87.5% or less of the level as at the close of trading on the date of close of the institutional bookbuild and is at or below that level at the close of trading for a period of at least two consecutive business days before the date of Settlement or at the close of trading on the business day before Settlement;

(e) any of the escrow deeds described at Section 7.9 is withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with (other than with the consent of the Joint Lead Managers);

(f) any forecast that appears in the Prospectus is or becomes incapable of being met in the projected timeframe (including financial forecasts);

(g) the Company or SaleCo, or any of their respective directors or officers (as those terms are defined in the Corporations Act) engages, or has engaged since the date of the OMA, in any fraudulent conduct or activity whether or not in connection with the Offer;

(h) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:

(i) the Company's admission to the Official List of ASX on or before the date required in the Offer Management Agreement; or

(ii) the quotation of all of the Shares on ASX or the Shares to be traded through CHESS on or before the date set out in the Offer Management Agreement,

or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

(i) the Company or SaleCo fails to comply with the requirements of the NZ Mutual Recognition Regulations to enable the Offer to proceed on the basis of the Prospectus, under those regulations;

(j) any of the following notifications are made in respect of the Offer: (i) ASIC issues an order (including an interim order) under section 739 of the Corporations Act; (ii) ASIC holds a hearing under section 739(2) of the Corporations Act; (iii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an offer document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an offer document; (iv) any person (other than the Joint Lead Managers) who has previously consented to the inclusion of its name in any offer document withdraws that consent; or (v) any person (other than the Joint Lead Managers) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;

(k) the Company or SaleCo does not provide a closing certificate as and when required by the Offer Management Agreement;

(l) the Company or SaleCo withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;

(m) any member of the MYOB Group becomes insolvent, or there is an act or omission which is likely to result in a member of the MYOB Group becoming insolvent;

(n) an event specified in the timetable set out in the Offer Management Agreement (i) up to and including the date of opening of the bookbuild is delayed by more than two business days; or (ii) following the opening of the bookbuild and up to and including the date of Settlement, is delayed by more than one business day (other than any delay agreed between the Company and the Joint Lead Managers (not to be unreasonably withheld or delayed), any delay caused solely by the Joint Lead Managers or a delay as a result of an extension of the exposure period by ASIC);

(o) the Company is prevented from allotting and issuing Shares, or SaleCo is prevented from transferring the Shares, within the time required by the timetable set out in the Offer Management Agreement, the offer documents, the ASX Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental authority;

(p) a change in the CEO, CFO or Chairman of the Company occurs or any of the persons holding those titles vacate their office; or

(q) the Company or any member of the MYOB Group is in default under any provision of its debt agreement.

10.7.1.3 Termination subject to materiality

A Joint Lead Manager may terminate the Offer Management Agreement, at any time after the date of the Offer Management Agreement and on or before 10:00am on the date for Settlement by notice to the other parties, if any of the following events occurs and the Joint Lead Manager has reasonable grounds to believe the event: (i) has or is likely to have a material adverse effect on the success, settlement or marketing of the Offer or on the ability of the Joint Lead Manager to market or promote or settle the Offer; or (ii) will, or is likely to, give rise to a liability of the Joint Lead Manager under, or a material contravention by the Joint Lead Manager or its affiliates, or the Joint Lead Manager or its affiliates being involved in a material contravention of, any applicable law:

(a) there occurs a new circumstance that arises after the Original Prospectus was lodged that would have been required to be included in the Original Prospectus if it had arisen before lodgement;

(b) the New Zealand Registrar of Financial Service Providers or New Zealand Financial Markets Authority contacts or gives any notice to the Company in respect of the Offer;

(c) the Company: (i) alters the issued capital of the Company or any other member of the MYOB Group; or (ii) disposes or attempts to dispose of a substantial part of the business or property of the Company or any other member of the MYOB Group, without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed);

(d) a change in senior management listed in the Prospectus (other than a change to the CEO or CFO) or the Board (other than a change to the Chairman) occurs without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed);

(e) any of the following occurs: (i) a director or proposed director named in the Prospectus of the Company or SaleCo is charged with an indictable offence; or (ii) any Governmental Agency commences any public action against the Company or SaleCo or any of its directors in their capacity as a director of the Company or SaleCo, or announces that it intends to take action; or (iii) any director or proposed director named in the Prospectus of the Company or SaleCo is disqualified from managing a corporation under Part 2D.6;

(f) the report of the due diligence committee or any other information in its final and aggregate form supplied by or on behalf of the Company or SaleCo to the Joint Lead Managers in relation to the MYOB Group or the Offer is misleading or deceptive, including by way of omission;

(g) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and the MYOB Group insofar as the position in relation to an entity in the Group affects the overall position of the Company), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group from those respectively disclosed in the Original Prospectus or other public information;

(h) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand or the United States or any State or Territory of Australia a new law, or the Reserve Bank of Australia or New Zealand, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the OMA) any of which does or is likely to prohibit or regulate the Offer, capital issues or stock markets or materially adversely affect the taxation treatment of the Offer;

(i) there is a contravention by the Company or any other member of the MYOB Group of the Corporations Act, the Competition and Consumer Act 2010 (Cth), ASIC Act, the Companies Act 1993 and the Securities Act 1978 of New Zealand (and any regulations under those acts), the Commerce Act 1986 of New Zealand, the Fair Trading Act 1986 of New Zealand, its constitution, or any of the ASX Listing Rules;

(j) a representation or warranty contained in the Offer Management Agreement on the part of the Company or SaleCo is not true or correct;

(k) the Company or SaleCo defaults on one or more of its obligations or undertakings under the Offer Management Agreement;

(l) the Company varies any term of its constitution without the prior written consent of the Joint Lead Managers;

(m) except as disclosed in the Prospectus, the Pricing Disclosure Package and the Institutional Offering Memorandum any of the following occurs: (i) the commencement of legal proceedings against the Company or any other member of the MYOB Group or against any director of the Company or any other member of the MYOB Group in that capacity; or (ii) any regulatory body commences any enquiry against a member of the MYOB Group;

(n) hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Japan, the United Kingdom, Hong Kong, the People's Republic of China, North Korea, South Korea, Indonesia, Russia or any member state of the European Union, or a major terrorist act is perpetrated in any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;

(o) a statement in any closing certificate is false, misleading, inaccurate or untrue or incorrect; or

(p) any of the following occurs: (i) a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom or the United States is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or (ii) trading in all securities quoted or listed on ASX, the New Zealand Stock Exchange, the New York Stock Exchange or the London Stock Exchange is suspended or limited in a material respect for one or more days on which that exchange is open for trading.

10.7.1.4 Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, recklessness, wilful misconduct, wilful default or fraud by an indemnified party, the Company and SaleCo agree to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

10.7.1.5 Representations, warranties and undertakings

The Offer Management Agreement contains certain standard representations, warranties and undertakings by the Company and SaleCo to the Joint Lead Managers (as well as common conditions precedent), including the entry into voluntary escrow deeds by certain of the Existing Shareholders in a form and substance acceptable to the Joint Lead Managers.

The representations and warranties given by the Company include but are not limited to matters such as power and authorisations, compliance with applicable laws and the ASX Listing Rules, financial information, information contained in the Prospectus, the conduct of the Offer and the due diligence process, litigation, material contracts, patents and trademarks, IT systems, encumbrances, licences, insurance, dividends and distributions, title to property, internal controls, tax and labour.

The Company provides undertakings under the Offer Management Agreement which include but are not limited to notifications of breach of any obligation, representation or warranty or undertaking or non-satisfaction of any condition given by it under the Offer Management Agreement and that it will not, during the period following the date of the Offer Management Agreement until 180 days after Shares have been issued under the Offer, issue any Shares or securities without the consent of the Joint Lead Managers, subject to certain exceptions.

These exceptions include: (i) the issue of Shares under the Offer; (ii) an issue of securities pursuant to an employee share or option plan, a non-underwritten dividend reinvestment or a bonus share plan described in the Prospectus; or (iii) a proposed transaction fully and fairly disclosed in the Prospectus.

10.7.2 Relationship Deed

The Company entered into a Relationship Deed on or about the Prospectus Date with Bain Capital that governs their relationship while Bain Capital retains at least 5% of issued Shares in MYOB. The Relationship Deed has the following key terms:

- the obligations of the parties to the Relationship Deed are conditional on, among other things, Completion;
- Bain Capital and the Company agree that dealings with each other and with their respective affiliates will take place on arm's length terms;
- the parties have resolved to agree procedures for the management of conflicts of interest and appropriate use of confidential information;
- Bain Capital has the right to nominate two Directors to the Board while Bain Capital holds at least 20%, or one Director to the Board while Bain Capital holds at least 10%, of the issued Shares;
- Bain Capital's nominee Directors and Bain Capital are granted access rights in respect of certain information of the Company;
- MYOB is required to provide market disclosure (subject to certain conditions) to facilitate Bain Capital selling its Shares; and
- the Relationship Deed terminates on Bain Capital ceasing to hold at least 5% of all of the issued Shares in MYOB.

10.7.3 New Banking Facilities

Please refer to Section 4.5.3 for a summary of the key terms of the New Banking Facilities.

10.8 Description of the syndicate

The Joint Lead Managers of the Offer are Citigroup Global Markets Australia Pty Limited, Goldman Sachs Australia Pty Ltd, Merrill Lynch Equities (Australia) Limited and UBS AG, Australia Branch.

The Co-Managers to the Offer are Bell Potter Securities Limited, JBWere Limited and UBS Wealth Management Australia Limited.

10.9 Legal proceedings

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the MYOB Group is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the MYOB Group.

A third party which owns a trademark registration for BANK*LINK in certain classes of goods and services is currently disputing MYOB's entitlement to use or register the BankLink brand. MYOB does not accept the third party's allegations and intends to continue to assert its right to use the BankLink brand in the manner in which it currently does. No court proceedings have been commenced at the Prospectus Date and MYOB intends to defend any such claims which may be brought against it.

10.10 Australian taxation considerations

10.10.1 Summary of Australian taxation considerations

The following comments provide a general summary of Australian tax issues for Australian tax resident investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation entities that hold their Shares on capital account.

This summary does not consider the consequences for non-Australian tax resident Investors, or insurance companies, banks, investors that hold their Shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or "TOFA" regime) and have made fair value or reliance on financial reports elections.

This summary is based on the law in Australia in force at the time of issue of this Prospectus. Australian tax laws are complex. It also does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each investor's specific circumstances.

Investors should seek professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

10.10.2 Dividends paid on Shares

Where dividends on a Share are distributed by the Company, those dividends will constitute assessable income of an Australian tax resident investor.

10.10.2.1 Individual and complying superannuation entities

Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a "qualified person" (refer further comments below). The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income, such investors should be entitled to a tax refund.

Where a dividend paid by the Company is unfranked, the investor will generally be taxed at his or her prevailing marginal rate on the dividend received with no tax offset.

10.10.2.2 Corporate investors

Corporate investors are also required to include both the dividend and associated franking credit in their assessable income. A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit on the dividend received. Such corporate investors may then be able to pass on the benefit of the franking credits to their own shareholder(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

10.10.2.3 Trusts and partnerships

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

10.10.2.4 Shares held at "risk"

The benefit of franking credits can be denied where an investor is not a "qualified person" in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule and, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares "at risk" for more than 45 days continuously, measured as the period commencing the day after the investor acquires the Shares and ending on the 45th day after the Shares become ex-dividend. The date the Shares are acquired and disposed of are ignored for the purpose of determining the 45 day period. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares "at risk". This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed A$5,000. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of a dividend to another person. Investors should obtain their own tax advice to determine if these requirements have been satisfied.

10.10.3 Disposal of Shares

The disposal of a Share by an investor will be a capital gains tax ("**CGT**") event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the net capital gain where the investor is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

10.10.4 Tax file numbers ("TFN") and Australian Business Number ("ABN")

Resident Shareholders may, if they choose, notify the Company of their TFN, ABN or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, tax will automatically be deducted at the highest marginal tax rate, including the Medicare levy (currently 2%) and Temporary Budget Repair Levy (currently 2%), from unfranked dividends and/or distributions. The rate of withholding tax is currently 49%.

The Company is required to withhold and remit to the Australian Taxation Office such tax until such time as the relevant TFN, ABN or exemption notification is given to it. Resident Shareholders will be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their tax returns.

10.10.5 Stamp duty

Investors should not be liable for stamp duty in respect of their investment in Shares. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

10.10.6 Australian goods and services tax (GST)

Investors should not be liable for GST in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of Shares. Separate GST advice should be sought by investors in this respect.

Investors should seek their own advice on the impact of GST in their own particular circumstances.

10.11 Consents

Each of the parties referred to below (each a "**Consenting Party**"), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- Citigroup Global Markets Australia Pty Limited;
- Goldman Sachs Australia Pty Ltd;
- Merrill Lynch Equities (Australia) Limited;
- UBS AG, Australia Branch;
- Reunion Capital Partners Pty Ltd;
- Clayton Utz;
- Ropes & Gray;
- PricewaterhouseCoopers;
- PricewaterhouseCoopers Securities Ltd;
- Link Market Services Limited;
- MYOB Finance Australia Limited;
- Bell Potter Securities Limited;
- JBWere Limited;
- UBS Wealth Management Australia Limited;
- Gartner, Inc.; and
- The Rothcorp Group Pty Ltd.

PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in the Prospectus as Investigating Accountant to MYOB in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Independent Limited Assurance Report on Historical Financial Information set out in Section 8 and its Independent Limited Assurance Report on Forecast Financial Information set out in Section 9 in the form and context in which they appear in this Prospectus. .

PricewaterhouseCoopers has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to MYOB in the form and context in which it is so named.

Gartner, Inc. has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the statements relating to the Gartner Report and attributed to it in this Prospectus. The Gartner Report represents data, research opinion or viewpoints published, as part of a syndicated subscription service by Gartner, Inc., and are not representations of fact. The Gartner Report speaks as of its original publication date (and not as of the Prospectus Date) and the opinions expressed in the Gartner Report are subject to change without notice.

The Rothcorp Group Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion of the results of the December 2014 Surveys and statements attributed to it in this Prospectus.

10.12 ASIC relief and ASX confirmations

The Company has obtained the following exemptions, declarations and confirmations from ASIC and ASX in relation to the Offer:

- an ASIC exemption from the pre-prospectus advertising and publicity rules in section 734(2) of the Corporations Act to permit the Company to provide Shareholders and employees with certain information relating to the Offer;
- a declaration from ASIC modifying Chapter 6 of the Corporations Act so that the voluntary escrow arrangements described in Section 7.9 do not give rise to a relevant interest for the Company in respect of the escrowed Shares held by Bain Capital;
- relief from ASIC for any breach of the short selling restrictions in s1020B(2) of the Corporations Act as a result of a sale of Shares while Shares are trading on a conditional and deferred basis;
- a confirmation from ASX that the Shares are not restricted securities for the purpose of Chapter 9 of the ASX Listing Rules; and
- a confirmation from ASX that the terms of the Performance Shares will satisfy Condition 1 of ASX Listing Rule 1.1.

10.13 Ownership restrictions

The sale and purchase of Shares is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 10.13 contains a general description of these laws.

10.13.1 Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

10.13.2 Foreign Acquisitions and Takeovers Act 1975 (Cth)

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) applies to acquisition of shares and voting power in a company of 15% or more by a single foreign person and its associates ("**substantial interest**"), or 40% or more by two or more unassociated foreign persons and their associates ("**aggregate substantial interest**"). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Australian Federal Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting.

An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

10.14 Photographs and diagrams

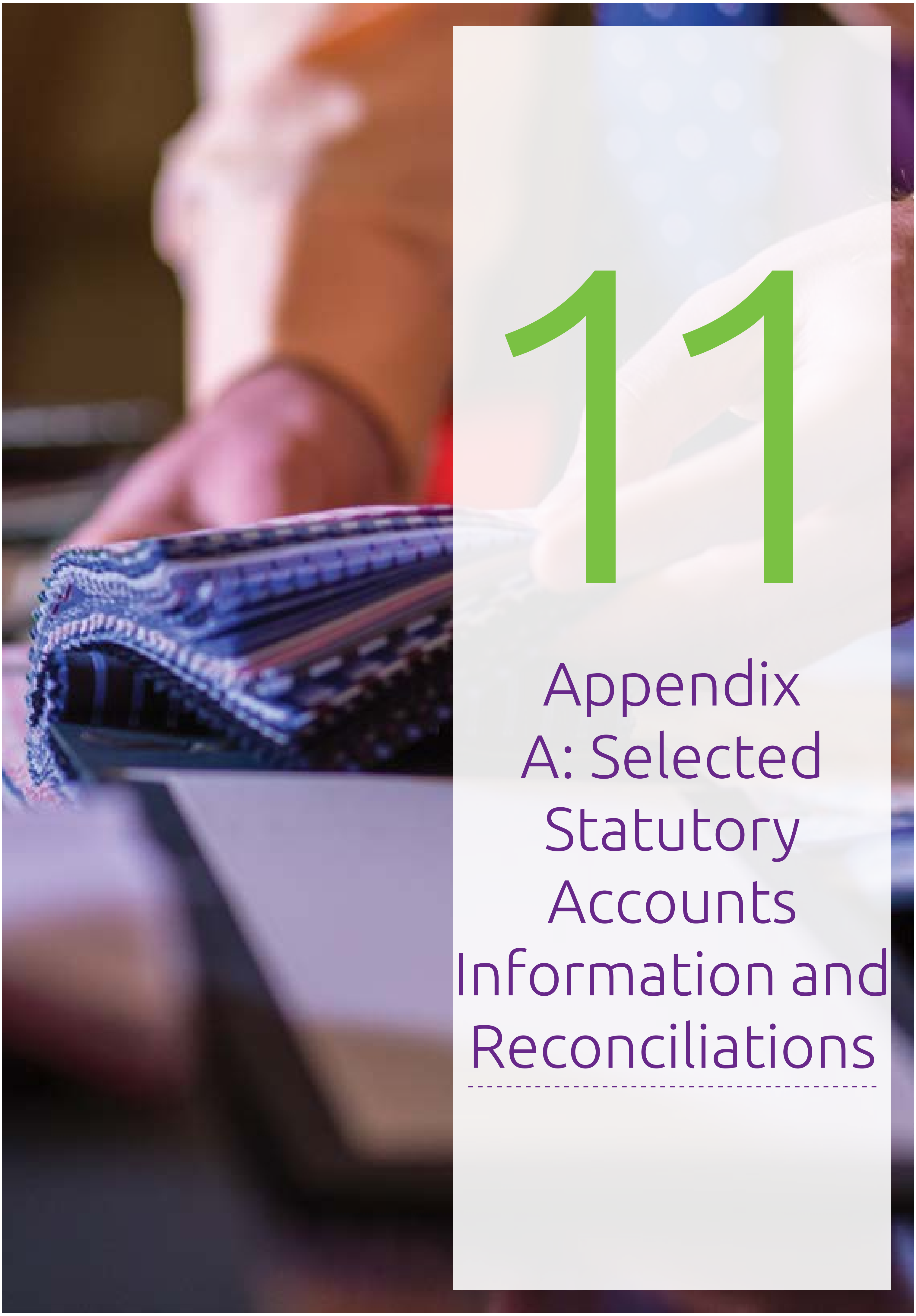
Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the MYOB Group. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

10.15 Governing law

This Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in Victoria and each applicant and bidder submits to the exclusive jurisdiction of the courts of Victoria.

10.16 Statement of Directors and SaleCo Directors

The issue of this Prospectus has been authorised by each Director and each SaleCo Director. Each Director and each SaleCo Director has consented to lodgement of the Prospectus and issue of the Prospectus and has not withdrawn that consent.



11

Appendix A: Selected Statutory Accounts Information and Reconciliations

11 Appendix A: Selected Statutory Accounts Information and Reconciliations

The following financial information extracted from MYOB's audited financial statements is presented in this Appendix A:

- audited statutory consolidated historical income statements for FY2014, FY2013 and FY2012;
- audited statutory consolidated historical cash flow statements for FY2014, FY2013 and FY2012; and
- audited statutory segment data for FY2014, FY2013 and FY2012 after certain reclassifications for changes in reportable segments, as described further below.

The statutory consolidated historical balance sheet along with other important considerations concerning the financial statements are presented in Section 4.5 of this Prospectus. The audited financial statements are available on the www.myob.com.au/myob/investors.

In FY2014, MYOB changed its previously reported segments after recent acquisitions to reflect the new reporting structure. Consequently, the presentation of the comparative segment information for FY2013 was changed in the audited financial statements for FY2014 to be consistent with these new reporting segments. In this Appendix A, the audited statutory segment data for FY2012 has been presented on a basis consistent with the presentation of that information in the audited financial statements for FY2014 in order that all periods are presented on the same basis. The audited financial statements for FY2013 (including comparative FY2012) available on the www.myob.com.au/myob/investors have not been changed and therefore each are presented in a format that differs from the one used in this Appendix A.

The footnotes and reconciliations of pro forma financials to statutory financials in these tables are available within this Appendix A.

Figure 11.1: Audited statutory consolidated historical income statements

$ millions	FY2012	FY2013	FY2014
Revenue	**217.6**	**246.6**	**287.3**
Staff related expenses	(73.1)	(80.5)	(94.1)
General office/administration expenses	(21.0)	(20.9)	(27.0)
Direct materials	(5.0)	(8.0)	(10.4)
Royalties	(2.6)	(2.7)	(2.5)
Reseller commissions	(5.4)	(6.6)	(7.6)
Marketing expenses	(8.3)	(7.1)	(7.1)
Other expenses	(8.6)	(14.7)	(27.9)
Depreciation and amortisation expenses	(63.1)	(65.0)	(71.1)
Interest received	0.9	4.4	1.8
Finance costs	(106.9)	(121.6)	(140.1)
Loss from operations before income tax	**(75.5)**	**(76.1)**	**(98.7)**
Income tax benefit	22.8	21.0	27.1
Loss from operations after income tax	**(52.7)**	**(55.1)**	**(71.6)**
Loss for the period attributable to:			
Owners of MYOB	**(52.7)**	**(55.1)**	**(71.6)**

Figure 11.2: Audited statutory consolidated historical cash flow statements

$ millions	Notes	FY2012	FY2013	FY2014
Cash flows from operating activities				
Receipts from customers		237.6	267.9	314.3
Payments to suppliers and employees		(147.1)	(165.9)	(201.8)
Finance costs		(45.8)	(53.6)	(52.0)
Income tax received/(paid)		0.1	(0.8)	(3.2)
Interest received		0.9	2.4	1.1
Net cash flows from operating activities		**45.7**	**50.0**	**58.4**
Cash flows used in investing activities				
Purchase of property, plant and equipment		(3.2)	(8.7)	(5.1)
Capitalised new product development costs		–	(3.5)	(7.2)
Proceeds from sale of motor vehicles		–	–	0.1
Cash included in net assets divested or acquired		–	0.6	3.6
Capitalised software costs		(4.6)	(4.7)	(5.2)
Purchased intangible assets		(4.7)	(1.0)	(1.2)
Sale and web hosting and domain name registration business		–	4.7	–
Acquisition of BankLink		–	(113.8)	(0.5)
Acquisition of PayGlobal		–	–	(13.7)
Investment in Kounta/Acumatica		–	–	(10.5)
Net cash flows used in investing activities		**(12.5)**	**(126.4)**	**(39.7)**
Cash flows from/(used in) financing activities				
Shares issued		0.7	0.8	0.8
Shares bought back		(0.2)	(0.1)	(0.1)
Redeemable preference shares issued		0.3	0.2	0.4
Proceeds from borrowings		155.0	62.8	170.6
Capital return	1	–	–	(1.1)
Repayment of borrowings		(94.3)	(31.5)	(25.7)
Loan to shareholders (Redeemable Preference Shares advance)	2	–	–	(201.6)
Debt transaction costs		(7.3)	(0.3)	(9.3)
Net cash flows from/(used in) financing activities		**54.2**	**31.9**	**(66.0)**
Net increase/(decrease) in cash and cash equivalents		87.4	(44.5)	(47.3)
Net foreign exchange differences		0.2	(0.3)	(0.2)
Cash and cash equivalents at beginning of period		9.7	97.3	52.5
Cash and cash equivalents at end of period		**97.3**	**52.5**	**5.0**

1. MYOB Group completed a capital return of $23 million in December 2013 under the Corporations Act. The amount of the capital reduction of $23 million resulted in $23 million being returned to the holders of the Ordinary Shares. Of this amount $1 million was paid in cash, and $22 million was offset against outstanding receivables. There was no change in the number of shares on issue.
2. On 20 February 2015, the board of the Company approved a selective buyback of a portion of its Redeemable Preference Shares to the value of $203 million out of refinancing completed during the year, of which $201.6 million of this amount was paid in cash to the shareholders. Based on that approval there is a current Redeemable Preference Shares advance receivable and an offsetting current Redeemable Preference Shares liability, recorded in the audited statutory consolidated balance sheet of the Company at 31 December 2014. On Completion the Company will redeem and fully pay in cash the $134.1 million remaining balance of Redeemable Preference Shares from the proceeds of the Offer. For further details, refer to Figure 4.11 of Section 4.5.1.

Statutory net free cash flow before financing, tax and dividends in Figure 4.10 in Section 4.4.2 reconciles to Figure 11.2 as follows:

Figure 11.3: Reconciliation between Pro Forma Historical Cash Flows and audited Statutory Historical Cash Flows

$ millions	FY2012	FY2013	FY2014
Net increase/(decrease) in cash and cash equivalents	**87.4**	**(44.5)**	**(47.3)**
Adjusted for:			
Cash flows from operating activities			
Finance costs	45.8	53.6	52.0
Income tax (received)/paid	(0.1)	0.8	3.2
Interest received	(0.9)	(2.4)	(1.1)
Net cash flows (from)/used in financing activities	(54.2)	(31.9)	66.0
Withholding tax paid on Loan Notes	0.6	0.7	–
Statutory net free cash flow before financing, tax and dividends	**78.6**	**(23.7)**	**72.8**

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Figure 11.4: Reconciliation of audited statutory consolidated historical income statement to pro forma consolidated historical income statement for FY2014

FY2014 $ millions	FY2014 Statutory	Reclassification[6]	Historical acquisitions and divestments[7]	Offer transaction costs	Public company costs[8]	Net interest adjustment[9]
Revenue						
SME Solutions[1]	180.4	–	–	–	–	–
Practice Solutions[1]	79.4	–	–	–	–	–
Enterprise Solutions	27.4	0.1	12.0	–	–	–
Corporate	0.1	(0.1)	–	–	–	–
Total revenue	**287.3**	**–**	**12.0**	**–**	**–**	**–**
COGS[2]	(20.6)	(0.1)	(0.7)	–	–	–
Staff related expenses	(94.1)	(15.4)	(7.4)	–	(1.3)	–
Marketing expenses	(7.1)	(4.9)	(0.2)	–	–	–
General office/ administration expenses[3]	(54.9)	20.4	(1.7)	–	(0.7)	–
Total operating expenses	**(176.7)**	**–**	**(10.0)**	**–**	**(2.0)**	**–**
EBITDA	**110.6**	**–**	**2.0**	**–**	**(2.0)**	**–**
Depreciation	(3.8)	–	–	–	–	–
Amortisation of capitalised internally developed software	(6.5)	–	–	–	–	–
EBITA	**100.3**	**–**	**2.0**	**–**	**(2.0)**	**–**
Amortisation of acquired intangibles[4]	(60.7)	–	–	–	–	–
EBIT	**39.6**	**–**	**2.0**	**–**	**(2.0)**	**–**
Net interest expense[5]	(138.3)	–	–	–	–	120.5
PBT	**(98.7)**	**–**	**2.0**	**–**	**(2.0)**	**120.5**
Tax benefit/ (expense)	27.1	–	–	–	–	–
NPAT	**(71.6)**	**–**	**2.0**	**–**	**(2.0)**	**120.5**
Amortisation of acquired intangibles (after tax)	42.5	–	–	–	–	–
NPATA	**(29.1)**	**–**	**2.0**	**–**	**(2.0)**	**120.5**

Acquisition transaction and integration costs[10]	Amortisation and depreciation[11]	Offer related adjustments and other transaction costs[12]	Business transformation one-off costs[13]	Other non-recurring adjustments[14]	Tax effect of pro forma adjustments[15]	Pro forma Historical Result
–	–	–	–	–	–	180.4
–	–	–	–	–	–	79.4
–	–	–	–	–	–	39.5
–	–	–	–		–	–
–	**–**	**–**	**–**	**–**	**–**	**299.3**
–	–	–	–	–	–	(21.4)
3.3	–	–	3.2	0.8	–	(110.9)
0.1	–	–	1.4	2.3	–	(8.4)
2.9	–	2.5	0.3	1.1	–	(30.1)
6.3	**–**	**2.5**	**4.9**	**4.2**	**–**	**(170.8)**
6.3	**–**	**2.5**	**4.9**	**4.2**	**–**	**128.5**
–	(0.1)	–	–	–	–	(3.9)
–	–	–	–	–	–	(6.5)
6.3	**(0.1)**	**2.5**	**4.9**	**4.2**	**–**	**118.1**
–	0.6	–	–	–	–	(60.1)
6.3	**0.5**	**2.5**	**4.9**	**4.2**	**–**	**58.0**
–	–	–	–	–	–	(17.8)
6.3	**0.5**	**2.5**	**4.9**	**4.2**	**–**	**40.2**
–	–	–	–	–	(39.3)	(12.2)
6.3	**0.5**	**2.5**	**4.9**	**4.2**	**(39.3)**	**28.0**
–	(0.4)	–	–	–	–	42.1
6.3	**0.1**	**2.5**	**4.9**	**4.2**	**(39.3)**	**70.1**

Segment pro forma historical EBITDA results in Figure 4.7 in Section 4.3.5 reconcile to Figure 11.4 as follows:

Figure 11.5: Reconciliation to pro forma historical EBITDA results for FY2014

FY2014 $ millions	FY2014 Statutory	Reclassification[6]	Historical acquisitions and divestments[7]	Offer transaction costs	Public company costs[8]	Net interest adjustment[9]
SME Solutions	122.6	(0.4)	–	–	–	–
Practice Solutions	56.8	–	–	–	–	–
Enterprise Solutions	12.0	1.6	2.0	–	–	–
Corporate	(52.9)	(29.1)	–	–	(2.0)	–
Other expenses	(27.9)	27.9	–	–	–	–
EBITDA	**110.6**	**–**	**2.0**	**–**	**(2.0)**	**–**

Segment Recurring Revenue and perpetual and new licence revenue results reconcile as follows:

Figure 11.6: Reconciliation of segment Recurring Revenue and perpetual and new licence revenue for FY2014

FY2014 $ millions	FY2014 Statutory	Reclassification[6]	Historical acquisitions and divestments[7]	Offer transaction costs	Public company costs[8]	Net interest adjustment[9]
Recurring Revenue						
SME Solutions	172.2	–	–	–	–	–
Practice Solutions	77.1	–	–	–	–	–
Enterprise Solutions	20.2	–	11.2	–	–	–
Corporate	–	–	–	–	–	–
Total Recurring Revenue	**269.5**	**–**	**11.2**	**–**	**–**	**–**
Perpetual and new licence revenue	**–**	**–**	**–**	**–**	**–**	**–**
SME Solutions	8.2	–	–	–	–	–
Practice Solutions	2.3	–	–	–	–	–
Enterprise Solutions	7.2	0.1	0.8	–	–	–
Corporate	0.1	(0.1)	–	–	–	–
Total perpetual and new licence revenue	**17.8**	**–**	**0.8**	**–**	**–**	**–**
Total Revenue	**287.3**	**–**	**12.0**	**–**	**–**	**–**

	Acquisition transaction and integration costs[10]	Amortisation and depreciation[11]	Offer related adjustments and other transaction costs[12]	Business transformation one-off costs[13]	Other non-recurring adjustments[14]	Tax effect of pro forma adjustments[15]	Pro forma Historical Result
	–	–	–	–	–	–	122.2
	–	–	–	–	–	–	56.8
	–	–	–	–	–	–	15.6
	6.3	–	2.5	4.9	4.2	–	(66.1)
	–	–	–	–	–	–	–
	6.3	**–**	**2.5**	**4.9**	**4.2**	**–**	**128.5**

	Acquisition transaction and integration costs[10]	Amortisation and depreciation[11]	Offer related adjustments and other transaction costs[12]	Business transformation one-off costs[13]	Other non-recurring adjustments[14]	Tax effect of pro forma adjustments[15]	Pro forma Historical Result
	–	–	–	–	–	–	172.2
	–	–	–	–	–	–	77.1
	–	–	–	–	–	–	31.4
	–	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**	**280.7**
	–	**–**	**–**	**–**	**–**	**–**	**–**
	–	–	–	–	–	–	8.2
	–	–	–	–	–	–	2.3
	–	–	–	–	–	–	8.1
	–	–	–	–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**	**18.6**
	–	**–**	**–**	**–**	**–**	**–**	**299.3**

Figure 11.7: Reconciliation of audited statutory consolidated historical income statement to pro forma consolidated historical income statement for FY2013

FY2013 $ millions	FY2013 Statutory	Reclassification[6]	Historical acquisitions and divestments[7]	Offer transaction costs	Public company costs[8]	Net interest adjustment[9]
Revenue						
SME Solutions[1]	149.5	–	11.9	–	–	–
Practice Solutions[1]	77.1	–	–	–	–	–
Enterprise Solutions	19.9	0.1	17.0	–	–	–
Corporate	0.1	(0.1)	–	–	–	–
Total Revenue	**246.6**	**–**	**28.9**	**–**	**–**	**–**
COGS[2]	(17.2)	–	(2.3)	–	–	–
Staff related expenses	(80.5)	(8.6)	(15.9)	–	(1.3)	–
Marketing expenses	(7.1)	(0.9)	(1.0)	–	–	–
General office/ administration expenses[3]	(35.6)	9.5	(4.7)	–	(0.7)	–
Total operating expenses	**(140.4)**	**–**	**(23.9)**	**–**	**(2.0)**	**–**
EBITDA	**106.2**	**–**	**5.0**	**–**	**(2.0)**	**–**
Depreciation	(3.6)	–	–	–	–	–
Amortisation of capitalised internally developed software	(5.6)	–	–	–	–	–
EBITA	**97.0**	**–**	**5.0**	**–**	**(2.0)**	**–**
Amortisation of acquired intangibles[4]	(55.8)	–	–	–	–	–
EBIT	**41.2**	**–**	**5.0**	**–**	**(2.0)**	**–**
Net interest expense[5]	(117.3)	–	–	–	–	100.3
PBT	**(76.1)**	**–**	**5.0**	**–**	**(2.0)**	**100.3**
Tax benefit/ (expense)	21.0	–	–	–	–	–
NPAT	**(55.1)**	**–**	**5.0**	**–**	**(2.0)**	**100.3**
Amortisation of acquired intangibles (after tax)	39.1	–	–	–	–	–
NPATA	**(16.0)**	**–**	**5.0**	**–**	**(2.0)**	**100.3**

Acquisition transaction and integration costs[10]	Amortisation and depreciation[11]	Offer related adjustments and other transaction costs[12]	Business transformation one-off costs[13]	Other non-recurring adjustments[14]	Tax effect of pro forma adjustments[15]	Pro forma Historical Result
–	–	–	–	–	–	161.4
–	–	–	–	–	–	77.1
–	–	–	–	–	–	37.0
–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**275.5**
–	–	–	–	–	–	(19.5)
1.7	–	–	1.9	0.9	–	(101.8)
–	–	–	–	–	–	(9.0)
3.2	–	2.4	–	–	–	(25.9)
4.9	**–**	**2.4**	**1.9**	**0.9**	**–**	**(156.2)**
4.9	**–**	**2.4**	**1.9**	**0.9**	**–**	**119.3**
–	(0.3)	–	–	–	–	(3.9)
–	–	–	–	–	–	(5.6)
4.9	**(0.3)**	**2.4**	**1.9**	**0.9**	**–**	**109.8**
–	(5.6)	–	–	–	–	(61.4)
4.9	**(5.9)**	**2.4**	**1.9**	**0.9**	**–**	**48.4**
–	–	–	–	–	–	(17.0)
4.9	**(5.9)**	**2.4**	**1.9**	**0.9**	**–**	**31.4**
–	–	–	–	–	(30.6)	(9.6)
4.9	**(5.9)**	**2.4**	**1.9**	**0.9**	**(30.6)**	**21.8**
–	3.9	–	–	–	–	43.0
4.9	**(2.0)**	**2.4**	**1.9**	**0.9**	**(30.6)**	**64.8**

Segment pro forma historical EBITDA results in Figure 4.7 in Section 4.3.5 reconcile to Figure 11.7 as follows:

Figure 11.8: Reconciliation to pro forma historical EBITDA results for FY2013

FY2013 $ millions	FY2013 Statutory	Reclassification[6]	Historical acquisitions and divestments[7]	Offer transaction costs	Public company costs[8]	Net interest adjustment[9]
SME Solutions	102.6	–	4.4	–	–	–
Practice Solutions	55.8	–	–	–	–	–
Enterprise Solutions	8.7	1.6	1.2	–	–	–
Corporate	(46.3)	(16.2)	(0.6)	–	(2.0)	–
Other expenses	(14.6)	14.6	–	–	–	–
EBITDA	**106.2**	**–**	**5.0**	**–**	**(2.0)**	**–**

Segment Recurring Revenue and perpetual and new licence revenue results reconcile as follows:

Figure 11.9: Reconciliation of segment Recurring Revenue and perpetual and new licence revenue for FY2013

FY2013 $ millions	FY2013 Statutory	Reclassification[6]	Historical acquisitions and divestments[7]	Offer transaction costs	Public company costs[8]	Net interest adjustment[9]
Recurring Revenue						
SME Solutions	138.1	–	11.9	–	–	–
Practice Solutions	74.3	–	–	–	–	–
Enterprise Solutions	13.4	–	15.6	–	–	–
Corporate	–	–	–	–	–	–
Total Recurring Revenue	**225.8**	**–**	**27.5**	**–**	**–**	**–**
Perpetual and new licence revenue	**–**	**–**	**–**	**–**	**–**	**–**
SME Solutions	11.4	–	–	–	–	–
Practice Solutions	2.8	–	–	–	–	–
Enterprise Solutions	6.5	0.1	1.4	–	–	–
Corporate	0.1	(0.1)	–	–	–	–
Total perpetual and new licence revenue	**20.8**	**–**	**1.4**	**–**	**–**	**–**
Total Revenue	**246.6**	**–**	**28.9**	**–**	**–**	**–**

Acquisition transaction and integration costs[10]	Amortisation and depreciation[11]	Offer related adjustments and other transaction costs[12]	Business transformation one-off costs[13]	Other non-recurring adjustments[14]	Tax effect of pro forma adjustments[15]	Pro forma Historical Result
1.8	–	–	0.7	–	–	109.5
–	–	–	–	–	–	55.8
–	–	–	–	–	–	11.5
3.1	–	2.4	1.2	0.9	–	(57.5)
–	–	–	–	–	–	–
4.9	**–**	**2.4**	**1.9**	**0.9**	**–**	**119.3**

Acquisition transaction and integration costs[10]	Amortisation and depreciation[11]	Offer related adjustments and other transaction costs[12]	Business transformation one-off costs[13]	Other non-recurring adjustments[14]	Tax effect of pro forma adjustments[15]	Pro forma Historical Result
–	–	–	–	–	–	150.0
–	–	–	–	–	–	74.3
–	–	–	–	–	–	29.0
–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**253.3**
–	**–**	**–**	**–**	**–**	**–**	**–**
–	–	–	–	–	–	11.4
–	–	–	–	–	–	2.8
–	–	–	–	–	–	8.0
–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**22.2**
–	**–**	**–**	**–**	**–**	**–**	**275.5**

Figure 11.10: Reconciliation of audited statutory consolidated historical income statement to pro forma consolidated historical income statement for FY2012

FY2012 $ millions	FY2012 Statutory	Reclassification[6]	Historical acquisitions and divestments[7]	Offer transaction costs	Public company costs[8]	Net interest adjustment[9]
Revenue						
SME Solutions[1]	124.2	0.8	25.4	–	–	–
Practice Solutions[1]	74.4	–	–	–	–	–
Enterprise Solutions	18.2	–	15.3	–	–	–
Corporate	0.8	(0.8)	–	–	–	–
Total Revenue	**217.6**	**–**	**40.7**	**–**	**–**	**–**
COGS[2]	(13.0)	–	(3.7)	–	–	–
Staff related expenses	(73.1)	(1.0)	(20.6)	–	(1.3)	–
Marketing expenses	(8.3)	0.2	(1.4)	–	–	–
General office/ administration expenses[3]	(29.6)	0.8	(4.9)	–	(0.7)	–
Total operating expenses	**(124.0)**	**–**	**(30.6)**	**–**	**(2.0)**	**–**
EBITDA	**93.6**	**–**	**10.1**	**–**	**(2.0)**	**–**
Depreciation	(3.1)	–	–	–	–	–
Amortisation of capitalised internally developed software	(4.5)	–	–	–	–	–
EBITA	**86.0**	**–**	**10.1**	**–**	**(2.0)**	**–**
Amortisation of acquired intangibles[4]	(55.5)	–	–	–	–	–
EBIT	**30.5**	**–**	**10.1**	**–**	**(2.0)**	**–**
Net interest expense[5]	(106.0)	–	–	–	–	87.0
PBT	**(75.5)**	**–**	**10.1**	**–**	**(2.0)**	**87.0**
Tax (expenses)/ benefit	22.8	–	–	–	–	–
NPAT	**(52.7)**	**–**	**10.1**	**–**	**(2.0)**	**87.0**
Amortisation of acquired intangibles (after tax)	38.9	–	–	–	–	–
NPATA	**(13.9)**	**–**	**10.1**	**–**	**(2.0)**	**87.0**

Acquisition transaction and integration costs[10]	Amortisation and depreciation[11]	Offer related adjustments and other transaction costs[12]	Business transformation one-off costs[13]	Other non-recurring adjustments[14]	Tax effect of pro forma adjustments[15]	Pro forma Historical Result
–	–	–	–	–	–	150.4
–	–	–	–	–	–	74.4
–	–	–	–	–	–	33.5
–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**258.3**
–	–	–	–	–	–	(16.7)
0.9	–	–	1.0	–	–	(94.1)
–	–	–	–	–	–	(9.5)
5.1	–	2.5	–	0.1	–	(26.7)
6.0	**–**	**2.5**	**1.0**	**0.1**	**–**	**(147.0)**
6.0	**–**	**2.5**	**1.0**	**0.1**	**–**	**111.3**
–	(0.5)	–	–	–	–	(3.6)
–	–	–	–	–	–	(4.5)
6.0	**(0.5)**	**2.5**	**1.0**	**0.1**	**–**	**103.2**
–	(9.1)	–	–	–	–	(64.6)
6.0	**(9.6)**	**2.5**	**1.0**	**0.1**	**–**	**38.6**
–	–	–	–	–	–	(19.0)
6.0	**(9.6)**	**2.5**	**1.0**	**0.1**	**–**	**19.6**
–	–	–	–	–	(28.6)	(5.8)
6.0	**(9.6)**	**2.5**	**1.0**	**0.1**	**(28.6)**	**13.8**
–	6.4	–	–	–	–	45.2
6.0	**(3.2)**	**2.5**	**1.0**	**0.1**	**(28.6)**	**59.0**

Segment pro forma historical EBITDA results in Figure 4.7 in Section 4.3.5 reconcile to Figure 11.10 as follows:

Figure 11.11: Reconciliation to pro forma historical EBITDA results for FY2012

FY2012 $ millions	FY2012 Statutory	Reclassification[6]	Historical acquisitions and divestments[7]	Offer transaction costs	Public company costs[8]	Net interest adjustment[9]
SME Solutions (formerly Business Solutions)	77.1	19.0	9.2	–	–	–
Practice Solutions (formerly Accountants Division)	44.4	10.2		–	–	–
Enterprise Solutions	2.1	7.1	0.9	–	–	–
Corporate	(17.1)	(49.2)	–	–	(2.0)	–
Other expenses (including non-recurring expenses)	(12.9)	12.9	–	–	–	–
EBITDA	**93.6**	**–**	**10.1**	**–**	**(2.0)**	**–**

Acquisition transaction and integration costs[10]	Amortisation and depreciation[11]	Offer related adjustments and other transaction costs[12]	Business transforma-tion one-off costs[13]	Other non-recurring adjustments[14]	Tax effect of pro forma adjustments[15]	Pro forma Historical Result
–	–	–	–	–	–	105.3
–	–	–	–	–	–	54.6
–	–	–	–	–	–	10.1
6.0	–	2.5	1.0	0.1	–	(58.7)
–	–	–	–	–	–	–
6.0	**–**	**2.5**	**1.0**	**0.1**	**–**	**111.3**

Segment Recurring Revenue and perpetual and new licence revenue results reconcile as follows:

Figure 11.12: Reconciliation of segment Recurring Revenue and perpetual and new licence revenue for FY2012

FY2012 $ millions	FY2012 Statutory	Reclassification[6]	Historical acquisitions and divestments[7]	Offer transaction costs	Public company costs[8]	Net interest adjustment[9]
Recurring Revenue						
SME Solutions	108.1	–	25.4	–	–	–
Practice Solutions	71.3	–	–	–	–	–
Enterprise Solutions	11.5	–	14.0	–	–	–
Corporate	–	–	–	–	–	–
Total Recurring Revenue	**190.9**	**–**	**39.4**	**–**	**–**	**–**
Perpetual and new licence revenue	**–**	**–**	**–**	**–**	**–**	**–**
SME Solutions	16.1	0.8	–	–	–	–
Practice Solutions	3.1	–	–	–	–	–
Enterprise Solutions	6.7	–	1.3	–	–	–
Corporate	0.8	(0.8)	–	–	–	–
Total perpetual and new licence revenue	**26.7**	**–**	**1.3**	**–**	**–**	**–**
Total Revenue	**217.6**	**–**	**40.7**	**–**	**–**	**–**

Notes:

1. Following recent acquisitions, the previously reported segments were revised to reflect the new reporting structure. SME Solutions provides business management software and services to small and medium enterprises. Practice Solutions provides business software and services to accounting professionals in practice. Enterprise Solutions provides Enterprise Resource Planning and Human Resource Management software and services to medium and large enterprises. Comparatives have been restated for this change. In FY2012, the previously reported Business Division corresponds to SME Solutions and Accountants Division corresponds to Practice Solutions in the new reporting structure.
2. In FY2014, COGS consists of direct materials ($10.4 million), royalties ($2.5 million) and reseller commissions ($7.6 million). In FY2013, COGS consists of direct materials ($8.0 million), royalties ($2.7 million) and reseller commissions ($6.6 million). In FY2012, COGS consists of direct materials ($5.0 million), royalties ($2.6 million) and reseller commissions ($5.4 million).
3. In FY2014, general office/administration consists of general office/administration ($27.0 million) and other expenses ($27.9 million). In FY2013, general office/administration consists of general office/administration ($20.9 million) and other expenses ($14.7 million). In FY2012, general office/administration consists of general office/administration ($21.0 million) and other expenses ($8.6 million).
4. In FY2014, amortisation of acquired intangibles consists of customer relationships ($23.0 million), commercialised software ($32.5 million), brands ($4.0 million) and acquired intellectual property ($1.2 million). In FY2013, amortisation of acquired intangibles consists of customer relationships ($23.2 million), commercialised software ($30.3 million) and acquired intellectual property ($2.4 million). In FY2012, amortisation of acquired intangibles consists of customer relationships ($24.3 million), commercialised software ($28.8 million) and acquired intellectual property ($2.4 million).
5. In FY2014, net interest expense consists of interest received ($1.8 million) and finance costs ($140.1 million). In FY2013, net interest expense consists of interest received ($4.4 million) and finance costs ($121.6 million). In FY2012, net interest expense consists of interest received ($0.9 million) and finance costs ($106.9 million).
6. Adjustment to reclassify statutory corporate segment revenue into divisional results and statutory other expenses into their key operating expense category. Statutory other expenses, which have been presented within General Office/Administration Expenses (footnote 3) and reclassified here, include one-off and non-recurring items associated with a 'pilot' campaign to test the effectiveness of brand advertising which has not generated directly attributable incremental revenues (footnote 14), expensed special projects and expensed R&D investment.
7. Adjustment to reflect the revenues and earnings of BankLink and PayGlobal as if these acquisitions had been completed on 31 December 2011. MYOB has also excluded from all periods the results of its wholly owned web hosting and domain name registration subsidiary MYOB Australia E1. 8. Reflects MYOB's estimate of the incremental annual costs that the Company will incur as a public entity. These costs include Chairman and non-executive Director remuneration, additional audit and legal costs, listing fees, share registry costs, Directors' and officers' insurance premiums as well as investor relations, annual general meeting and annual report costs.
9. MYOB's historical debt structure will be refinanced in part by proceeds of the Offer and in part by the New Banking Facilities. The net interest expense included in the Statutory Historical Results has been adjusted to reflect the anticipated gross debt leverage ratio of MYOB following Completion using base rates that prevailed during the relevant periods, based on the BBSW, and margins under the terms of the New Banking Facilities following Completion. This adjustment takes into account interest revenue based on the anticipated net operating cash profile of MYOB following Completion using historical BBSW rates prevailing in the relevant period.
10. An adjustment has been made to remove one-off transaction and integration costs related to the acquisition of MYOB by Bain Capital, and the acquisitions of BankLink and PayGlobal that were expensed in the Statutory Historical Results.
11. Pro forma adjustment to include the full year amortisation of customer relationships, brands and commercialised software and the full year depreciation of property, plant and equipment acquired with BankLink and PayGlobal, after reversing an amortisation charge of $2.4 million in each of FY2012 and FY2013 relating to the amortisation of a one-off payment in FY2012 for the exclusive rights to BankLink bank feeds for MYOB SME products, undertaken prior to the acquisition of BankLink.
12. Adjustment to eliminate the impact of historical management fees (~$2.5 million per annum) which will not continue post Offer.

Acquisition transaction and integration costs[10]	Amortisation and depreciation[11]	Offer related adjustments and other transaction costs[12]	Business transforma-tion one-off costs[13]	Other non-recurring adjustments[14]	Tax effect of pro forma adjustments[15]	Pro forma Historical Result
–	–	–	–	–	–	133.5
–	–	–	–	–	–	71.3
–	–	–	–	–	–	25.5
–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**230.3**
–	**–**	**–**	**–**	**–**	**–**	**–**
–	–	–	–	–	–	16.9
–	–	–	–	–	–	3.1
–	–	–	–	–	–	8.0
–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**28.0**
–	**–**	**–**	**–**	**–**	**–**	**258.3**

13. Adjustment to remove the impact of business transformation initiatives and costs including costs relating to the closure of the Kuala Lumpur office in FY2014 and a one-off financially unsuccessful project in FY2014 which did not generate directly attributable incremental revenues and where ongoing investment has ceased.
14. Adjustment to reverse the impact of other one-off and non-recurring items that were expensed in the Statutory Historical Results, including costs of $1.6 million in FY2014 associated with a 'pilot' campaign to test the effectiveness of brand advertising which has not generated directly attributable incremental revenues, the restructure of MYOB's partner sales management team and the non-cash gains and losses arising from the sale of non-current assets.
15. Tax impact of adjustments 7 to 14 has been calculated using an effective tax rate of 30%, except for pre-acquisition results for BankLink and PayGlobal where a New Zealand effective tax rate of 28% has been used.

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Appendix B: Significant Accounting Policies

12 Appendix B: Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial information in the Prospectus are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a. Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer. Acquisition-related costs are expensed as incurred, and included in other expenses.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration will be recognised in the profit or loss.

b. Foreign currency translation

The functional and presentation currency of the MYOB Group is Australian dollars (A$).

(i) Transactions in foreign currency

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial report are taken to the income statement.

(ii) Translation of functional currencies to presentation currency

The functional currencies of the foreign operations are as follows:

Operation	Currency
New Zealand	New Zealand Dollar
Malaysia	Malaysian Ringgit

The assets and liabilities of these overseas entities are translated into the presentation currency of the MYOB Group at the rate of exchange ruling at the reporting date and the income statement and statement of comprehensive income are translated at the weighted average exchange rates for the period. All resulting exchange differences are recognised in other comprehensive income.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit or loss.

c. Cash and cash equivalents

Cash in the balance sheet comprises cash at bank and on hand.

d. Trade and other receivables

Trade receivables which generally have 30 day terms are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debt more than 60 days overdue are considered indicators of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

e. Inventories

Inventories are valued at the lower of cost or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

f. Investments and other financial assets

(i) Classification

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(ii) Recognition and derecognition

The sale of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When assets classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iv) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. This is only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period. If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

g. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment loss.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Class of fixed asset	Depreciation period
Leasehold improvements[2]	3 – 8 years
Plant and equipment[1]	3 – 5 years

Notes:
1. Includes computer software/hardware and office machinery
2. Depreciated over the shorter of 3-8 years, or the life of the lease

The useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(i) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

h. Goodwill

Goodwill on acquisition is initially measured at the excess of the consideration transferred in a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised, instead it is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill has been allocated.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

i. Intangible assets

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Where amortisation is charged on assets with finite lives, this expense is taken to the profit or loss.

(i) Research and development costs

Research costs are expensed as incurred.

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

A summary of the policies applied to the Group's intangible assets subject to amortisation is as follows:

	Commercialised software	Internally generated software	Customer relationships[1]	Intellectual Property	Brands[2]
Method used	5 to 8 years – straight line	5 years – straight line	9.25 to 17 years – diminishing value	5 years – straight line	3 to 5 years – straight line
Internally generated/ Acquired	Acquired	Internally generated	Acquired	Acquired	Acquired
Impairment test/ Recoverable amount testing	Tested annually only if there is an indication of impairment				Tested annually

Notes:

1. Acquired customer relationships: BankLink is amortised over 11 years and PayGlobal is amortised over 17 years.
2. The MYOB brand is considered to have an indefinite useful life, as the longevity of the brand is not considered to be dissimilar to the MYOB business.

Gains or losses arising from sales of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is sold.

j. Impairment of intangibles and Property, Plant & Equipment

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that recognised an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

k. Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

l. 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 Group has an unconditional right to defer settlement for at least 12 months from reporting date.

m. 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.

n. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

o. Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Defined contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred. All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans or equivalent provide accumulated benefits. Contributions are made by the Group in accordance with the statutory requirements of each jurisdiction.

Executives/Managers who invest in the business are entitled to performance shares that provide accelerated returns to the individuals on the occurrence of certain events such as a sale.

p. Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

q. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Subscriptions

Revenue from sale of subscription services is recognised on a straight line basis over the period of subscription, from the date of contract until expiry, reflecting the period over which the services are supplied.

(ii) Sale of goods (new software and software upgrades)

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer. In the case of product, the physical stock must have been shipped to the customer.

(iii) Maintenance and cover support

Unearned income is recognised upon receipt of payment for maintenance/support contracts. Revenue is brought to account over time as it is earned.

(iv) Transactional and other services

Services revenue such as seminar fees is recognised when the service is provided.

However, where customers are no longer able to obtain a refund or credit note on cancellation before the service is conducted, the revenue is recognised on the first day where refund or credit note would not be available.

(v) Other revenue

Other revenue is mainly the royalties derived from sale of copyrighted forms and product sales under licence. Revenue is recognised on an accruals basis.

(vi) Interest

Income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

r. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries 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.

s. 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.

t. Derivative financial instruments and hedging

The Group uses derivative financial instruments to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivative assets and liabilities are classified as non-current when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months. The fair values of interest rate collars are determined using a valuation technique based on cash flows discounted to present value using current market interest rates. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

Cash flow hedges that meet the criteria for hedge accounting are accounted for as follows.

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or to a forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and cash flow hedge reserve in equity, while the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs) when the forecast transaction occurs.

The Group tests each of the designated cash flow hedges for effectiveness on a bi-annual basis both retrospectively and prospectively using regression analysis. A minimum of 30 data points is used for regression analysis and if the testing falls within the 80:125 range, the hedge is considered highly effective and continues to be designated as a cash flow hedge. At each balance date, the Group measures ineffectiveness using the ratio offset method. For interest rate cash flow hedges, any ineffective portion is taken to other expenses in the income statement.

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in other comprehensive income until the forecast transaction occurs.

u. 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 Group'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 Group's own equity instruments.

v. Share based payments

The MYOB Group provides benefits to employees (including directors) of the Group in the form of share based payment transactions, whereby employees render services in exchange for Management A shares. These shares are funded by a non-recourse loan. These shares do not carry voting rights but allow holders to participate in a distribution upon an exit by the ultimate owners (Bain Capital), subject to performance and service conditions.

The scheme is accounted for as a share based payment under AASB 2 *Share based payments* as any distribution is based upon the equity value of the MYOB Group. The share based payment expense in relation to the scheme is recognised on a pro-rata basis over the expecting vesting period. The arrangement is treated as an equity settled expense.

The cost of these transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised over the vesting period of the equity instrument. The fair value is determined by an external valuer.

w. Redeemable Preference Shares

The component of the Redeemable Preference Shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit or loss as finance costs.

Interest on the liability component of the instruments is recognised as an expense in profit or loss.

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Appendix C: Corporate Structure – List of Subsidiaries

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The following table sets out each subsidiary of MYOB and, in each case, the nature of its business. Each company in the Group is 100% owned by MYOB (whether directly or indirectly through one of its wholly owned subsidiaries).

Company name	Nature of subsidiary's business
MYOB Holdings Pty Ltd (ACN 152 570 431)	Holding company within the group of companies
MYOB Finance Australia Limited (ACN 161 013 654)	Retail Notes Issuer
MYOB Acquisition Pty Ltd (ACN 152 571 367)	Borrower under the New Banking Facilities
MYOB Technology Pty Ltd (ABN 30 086 760 269)	Holds the registered intellectual property of the MYOB Group
PayGlobal Pty Ltd (ACN 090 679 422)	Operates the Group's PayGlobal business in Australia
MYOB Australia Pty Ltd (ABN 13 086 760 198)	Main operating entity of the Group's Australian business
Solution 6 Pty Ltd (ABN 29 010 280 761)	Dormant company
BankLink Pty Ltd (ACN 093 037 677)	Operates the Group's BankLink business in Australia
MYOB New Zealand Group Limited (NZ C# 3563316)	Holding company within the group of companies and borrower under the New Banking Facilities
MYOB Finance NZ Limited (NZ; C# 2184939)	Borrower under the New Banking Facilities
MYOB NZ Limited (NZ; C# 902338)	Main operating entity of the Group's New Zealand business
Media Transfer Services Limited (NZ; C# 340458)	Holding company within the group of companies
PayGlobal Limited (NZ; C# 490186)	Operates the Group's PayGlobal business in New Zealand
BankLink Limited (NZ; C# 203022)	Operates the Group's BankLink business in New Zealand
Cayman Holdings Limited	Dormant company – to be liquidated
ACN 086 760 303 Pty Ltd (formerly MYOB Limited) (ABN 53 086 760 303)	Dormant company – to be liquidated
ACN 136 926 960 Pty Ltd (formerly MYOB Finance 2 Pty Ltd) (ACN 136 926 960)	Dormant company – to be liquidated
MYOB Finance Pty Ltd (ABN 47 124 847 712)	Dormant company – to be liquidated
MYOB Asia Sdn Bhd (Malaysia)	Dormant company – to be liquidated

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Appendix D: MYOB Group Limited Terms of Performance Shares

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1. Definitions

Adjusted Share Price means on a particular date the price of the Shares, based on a 20 business day (consecutive) VWAP (trading on the ASX) immediately prior to but not including the relevant date, adjusted as a result of any reorganisations of capital (as described in 2(i)), capital return, issues of bonus shares or special dividends paid or declared by the Company in the period between the Listing and the First Test Date or the Second Test Date (as applicable).

Affiliate means:

(a) with respect to any specified Person that is not a natural Person, any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with") as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise); and

(b) with respect to any natural Person, any Family Member of such natural Person.

ASX means ASX Limited (ABN 98 008 624 691).

ASX Listing Rules means the listing rules of ASX as they apply to the Company from time to time.

Australian Dollar Equivalent means, in relation to any amount in a currency other than Australian dollars, that amount converted into Australian dollars at the spot rate of exchange for that currency as listed on the Reserve Bank of Australia website on, where the date on which the determination of that amount is required to be made:

(a) is a Business Day, that date; or

(b) is not a Business Day, the immediately preceding Business Day.

Bad Leaver means a Holder no longer employed by or providing services to the Company (or an Affiliate of the Company) other than in circumstances where they would be a Good Leaver.

Business Day means a day that is not a Saturday, Sunday or public holiday and on which banks are open for business generally in Sydney, Australia.

Cause means in respect of any Holder:

(a) in the case of any Holder who is party to an employment or severance-benefit agreement any circumstances under such agreement triggering a right of the Company (or an Affiliate of the Company) to terminate the employment of the Holder without notice; and

(b) in the case of any other Holder, the following events or conditions, as determined by the Board in its reasonable judgment:

   (i) the refusal or failure to carry out (other than by reason of disability) the duties and responsibilities of the Holder to the Company or any of its Affiliates, or refusal or failure to follow or carry out any reasonable and lawful direction of the Board, and the continuance of such refusal or failure for a period of ten days after notice to the Holder;

   (ii) the material breach by the Holder of any agreement with the Company or any of its Affiliates that is not cured within ten (10) Business Days after notice of such breach is delivered by the Company or its Affiliates;

   (iii) the breach of any covenant or agreement with the Company or its Affiliates relating to non-competition, non-solicitation or confidentiality;

   (iv) the commission by the Holder of fraud, embezzlement, theft, or any other material act of dishonesty involving the Company or any of its Affiliates;

   (v) the commission of the Holder of any felony or any other crime involving dishonesty or moral turpitude;

   (vi) a material violation by the Holder of the code of conduct of the Company or its Affiliates giving rise to termination thereunder; or

   (vii) any other conduct that involves a breach of fiduciary obligation on the part of the Holder that has resulted in a material adverse effect upon the business, interests or reputation of the Company or any of its Affiliates.

Change of Control Event means:

(a) the occurrence of:

(i) the bidder, under a takeover bid in respect of Shares, announcing that it has received acceptances in respect of 50.1% or more of the Shares; and

(ii) that takeover bid has become unconditional; or

(b) the announcement by the Company that:

(i) shareholders of the Company have at a Court-convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party other than a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, subdivision, reduction or return) of the issued capital of the Company; and

(ii) the Court, by order, approves the scheme of arrangement.

CoC Price means, in relation to Change of Control Event, the amount per Share calculated in accordance with the following:

(a) in the event of a takeover bid or scheme of arrangement where the bid consideration or scheme consideration (as the case may be) per Share is:

(i) cash only, the cash amount of the consideration per Share, or where that amount is expressed in a currency other than Australian dollars, the Australian Dollar Equivalent of that amount;

(ii) securities in another entity that is listed on a recognised stock exchange:

A. in the event of a takeover, the value of the quoted securities will be the higher of the amount determined by calculating the volume weighted average market price of those securities in the ordinary course of trading on the relevant financial market operated by the recognised stock exchange (excluding special crossings, overseas trades, trades pursuant to the exercise of options, overnight trades or any trades similar to the foregoing on the relevant financial market) during:

1) the 5 full trading days before the date of the takeover bid; and

2) the last full trading day before the date of the takeover bid; or

B. in the event of a scheme of arrangement, the value of the quoted securities will be the higher of the amount determined by calculating the volume weighted average market price of those securities in the ordinary course of trading on the relevant financial market operated by the recognised stock exchange (excluding special crossings, overseas trades, trades pursuant to the exercise of options, overnight trades or any trades similar to the foregoing on the relevant financial market) during:

1) the 5 full trading days before the date of the explanatory memorandum for the scheme of arrangement; and

2) the last full trading day before the date of the explanatory memorandum for the scheme of arrangement,

and if the value of those securities is expressed in a currency other that Australian dollars, the Australian Dollar Equivalent; or

(iii) cash or securities in another entity, the cash amount or cash equivalent of the consideration per Share or where that amount is expressed in a currency other than Australian dollars, the Australian Dollar Equivalent of that amount; or

(b) if the consideration offered is not covered by the paragraphs above, the amount as determined in good faith by the Board, acting reasonably,

adjusted as a result of any reorganisations of capital (as described in 2(i)), capital return, issues of bonus shares or special dividends paid or declared by the Company in the period between the Listing and the date of the Change of Control Event.

Company means MYOB Group Limited (ACN 153 094 958).

Corporations Act means the *Corporations Act 2001* (Cth).

Deal means:

(a) sell, assign, transfer or otherwise dispose of, or agree to sell, assign, transfer or otherwise dispose of;

(b) enter into any option which, if exercised, enables or requires the relevant security holder to sell, assign, transfer or otherwise dispose of;

(c) create, agree to, or offer to, create, or permit to be created any Security Interest in or over; or

(d) do or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of,

but does not include an Excluded Dealing.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest (as that term is defined in section 12 of the *Personal Property Securities Act 2009* (Cth)).

Excluded Dealing means the following actions to the extent necessary to allow:

(a) a Holder to accept an offer made under a takeover bid for any of the Shares, provided that:

(i) without limiting clause (a)(ii) of this definition, holders of not less than 50% of the Shares to which the bid relates that are not subject to a voluntary escrow deed relating to the Company's listing on the official list of the ASX have accepted the takeover bid; and

(ii) the takeover bid is unconditional or all conditions to the takeover bid have been satisfied or waived;

(b) a Holder to tender any of the Shares into a bid acceptance facility established in connection with a takeover bid, provided that holders of not less than 50% of the Shares to which the bid relates that are not subject to a voluntary escrow deed relating to the Company's listing on the official list of the ASX have either accepted the takeover bid or tendered (and not withdrawn) their Shares into the bid acceptance facility; or

(c) the Shares to be transferred or cancelled as part of:

(i) a Share buyback or return of capital or other similar reorganisation;

(ii) a merger being implemented by way of a scheme of arrangement; or

(iii) an acquisition of all Shares,

which has in any such case received all necessary approvals, including all such necessary approvals by shareholders of the Company and courts; or

(d) a Dealing in Shares to which the restrictions in clause 4(i) of these terms will apply (**Escrow Shares**) to enable the Holder to undertake a reorganisation, subject to:

(i) the prior consent of the Company in writing;

(ii) the Holder retaining ultimate control of the Escrow Shares; and

(iii) any new holder of the Escrow Shares agreeing to be bound by an escrow arrangement in substantially the same terms as the restrictions in clause 4(i) of these terms until after the Second Test Date; or

(e) to allow a Dealing in Escrow Shares:

(i) with the prior written approval of the Company; or

(ii) if required by applicable law or pursuant to an order of a court of competent jurisdiction compelling any Escrow Shares to be Dealt with; or

(iii) following the death, serious disability or permanent incapacity through ill health of the Holder (which for serious disability or permanent incapacity through ill health shall be deemed to be so for any absence of at least six months in a 12 month period or as otherwise determined by the Board, acting reasonably); or

(iv) if the Dealing constitutes a disposal of, but not the creation of a Security Interest in, some or all of the Escrow Shares to:

A. a company wholly-owned by the Holder; or

B. a trust in relation to which the Holder is the beneficiary,

(each a **Transferee**), where the Transferee also enters into an escrow arrangement with the Company in respect of those Escrow Shares on substantially the same terms as the restrictions in clause 4(i) of these terms until after the Second Test Date.

Family Member means, with respect to any individual, each parent, spouse, sibling, child or other descendant (whether natural or adopted) of such individual, each trust created solely for the benefit of one or more of the aforementioned Persons and their spouse and each custodian or guardian of any property of one of more of the aforementioned Persons in his, her or its capacity as such custodian or guardian.

First Test Date means 30 September 2016.

Good Leaver means a Holder whose employment with or provision of service to the Company or any of its Affiliates terminates due to:

(a) death;

(b) the Holder's permanent physical incapacity through ill health (which shall be deemed to be so for any absence of at least six months in a 12 month period);

(c) retirement at the statutory retirement age;

(d) any involuntary termination of employment by the Company (or any of its Affiliates) other than for Cause;

(e) termination of employment by the Holder as a result of a material reduction in the Holder's base salary or the Holder being required to relocate more than 75 kilometres;

(f) restructure of an entity within the group composed of the Company and each wholly-owned subsidiary of the Company (or sale of a division) resulting in employment by a third party; or

(g) such other reasons as determined by the board of directors of the Company in its discretion.

Good Leaver Additional Entitlement means, in respect of a Holder who is a Good Leaver, the number of Performance Shares determined in accordance with the following formula:

(30% x (Y/Z)) x Total Performance Shares

Where:

Y = the number of days after Listing that the Holder was employed by or was providing services to the Company or any of its Affiliates;

Z = the number of days between Listing and the First Test Date; and

Total Performance Shares = the total number of Performance Shares held by that Holder at the time that Holder ceases employment with or ceases providing services to the Company or any of its Affiliates.

Good Leaver Base Entitlement means, in respect of a Holder who is a Good Leaver, 70% of that Holder's Performance Shares (as at the date that the Holder ceases employment with or ceases providing services to the Company or any of its Affiliates).

Holder means a person whose name is entered into the register of members of the Company as a holder of a Performance Share.

Listing means the date that the Company is listed on the official list of the ASX.

Person means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organisation, entity or division, or any government, governmental department or agency or political subdivision thereof.

PPSA means the *Personal Property Securities Act 2009* (Cth).

PPSA Security Interest means a "security interest" within the meaning of the PPSA.

Second Test Date means 30 September 2017.

Security Interest means an interest or power:

(a) reserved in or over an interest in any securities including any retention of title;

(b) created or otherwise arising in or over any interest in any securities under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, but is not limited to:

(c) any agreement to grant or create any of the above; or

(d) a PPSA Security Interest or any other encumbrance.

Share means a fully paid ordinary share in the capital of the Company.

Share Price Hurdle means each relevant share price hurdle set out in Column 2 as against each Tier below:

(Column 1) Tier	(Column 2) Share Price per Share	(Column 3) % of Holder's Performance Shares that will convert to Shares
1.	< $1.23	0%
2.	$1.23	8.3333%
3.	$1.64	16.6667%
4.	$2.05	25%
5.	$2.45	33.3333%
6.	$2.86	41.6667%
7.	$3.27	58.3333%
8.	$3.67	70.8333%
9.	$4.08	79.1667%
10.	$4.49	87.50%
11.	$4.89	95.8333%
12.	≥ $5.30	100%

Tier means the tier identified in Column 1 of the Share Price Hurdle table.

VWAP means the volume weighted average price of the Shares (calculated to 2 decimal places of one cent) traded on ASX "On-market" (as that term is defined in the ASX Operating Rules) excluding special crossings, overseas trades, trades pursuant to the exercise of options or overnight trades, as determined by ASX in accordance with its customary practice.

2. Terms

The terms of each Performance Share is set out below:

(a) (**Performance Shares**) A Performance Share is a share in the capital of the Company.

(b) (**Notices**) A Performance Share confers on the Holder the right to receive all notices, financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.

(c) (**No Voting Rights**) A Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.

(d) (**No Dividend Rights**) A Performance Share does not entitle the Holder to any dividends.

(e) (**No Right to Return of Capital**) A Performance Share does not entitle the Holder to payment of the capital paid up on it from time to time, whether in a winding up of the Company, upon a reduction of the capital of the Company or otherwise, unless and only to the extent that a Performance Share has converted into a Share.

(f) (**Rights on Winding Up**) Upon winding up of the Company, a Performance Share does not confer on the Holder any right to participate in the surplus profits or assets of the Company, unless and only to the extent that a Performance Share has converted into a Share.

(g) (**Transfer of Performance Shares**) A Performance Share is not transferrable other than to an Affiliate of a Holder.

(h) (**Listing Rules Requirements**) In the event that the Company is admitted to the official list of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.

(i) (**Reorganisations of Capital**) If at any time the Shares are reconstructed, consolidated or divided (other than by way of a bonus issue) into a lesser or greater number of securities, then, subject to clause 3(h) the Performance Shares of a Holder will be reconstructed, consolidated or divided by the Company on the same basis as the Shares. This will occur in a manner which will not result in any additional benefits or detriments being conferred on the Holder which are not conferred on the holders of Shares (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) and in all other respects the terms for the Performance Shares and their conversion will remain unchanged.

(j) (**Application to ASX**) No Performance Share will be quoted on the ASX. Upon conversion of a Performance Share into a Share in accordance with these terms, the Company must, on the day of conversion, apply for the official quotation on ASX of the Shares arising from the conversion.

(k) (**Participation in Entitlements and Bonus Issues**) A Performance Share does not confer on the Holder any right to participate in new issues of securities offered to holders of the Shares such as bonus issues and entitlement issues.

(l) (**Amendments required by ASX**) The terms of the Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.

(m) (**No Other Rights**) A Performance Share gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

3. Cessation of Employment

(a) (**Cessation on or prior to 1 May 2015**) If a Holder ceases to be employed by or ceases providing services to the Company or any of its Affiliates on or prior to 1 May 2015, the Holder will be entitled to retain all Performance Shares held by that Holder.

(b) (**Cessation after 1 May 2015 and on or prior to First Test Date**) If a Holder ceases to be employed by or ceases providing services to the Company or any of its Affiliates after 1 May 2015 and on or prior to the First Test Date and:

  (i) that Holder is a Good Leaver then that Holder will be entitled to retain the number of Performance Shares calculated in accordance with the following formula:

  (Good Leaver Base Entitlement + Good Leaver Additional Entitlement)

  Any Performance Shares in excess of a Holder's entitlement under this clause will automatically convert into one Share (in total).

  (ii) that Holder is a Bad Leaver, all Performance Shares held by that Holder will automatically convert into one (1) Share (in total);

(c) (**Cessation between First Test Date and Second Test Date**) If a Holder ceases to be employed by or ceases providing services to the Company or any of its Affiliates after the First Test Date and on or prior to the Second Test Date:

(i) then all remaining Performance Shares held by that Holder (being those not converted to Shares on the First Test Date, if applicable) will automatically convert into one (1) Share (in total); and

(ii) that Holder will be entitled to retain any Shares that were converted on the First Test Date (if applicable) pursuant to these terms.

(d) For the purposes of these terms, where a Holder is the Affiliate of a Person who is employed by or providing services to the Company (or an Affiliate of the Company), each reference to the employment by or provision of services by a Holder to the Company (or an Affiliate of the Company) in these terms will be deemed to be a reference to that Person and not to that Holder.

4. Conversion of the Performance Shares

(a) (**Conversion of Performance Shares on First Test Date**) If the Adjusted Share Price on the First Test Date is equal to or exceeds any Share Price Hurdle, then the corresponding percentage (as specified in Column 3 of the Share Price Hurdle) of Performance Shares held by a Holder at that time, will convert into Shares on a one for one basis (after applying any conversion of Performance Shares pursuant to clause 4).

(b) (**Conversion of Performance Shares on Second Test Date**) Subject to clause 4(d), if the Adjusted Share Price on the Second Test Date exceeds the Adjusted Share Price on the First Test Date, then the percentage equal to the corresponding percentage to the Adjusted Share Price on the Second Test Date (as specified in Column 3 of the Share Price Hurdle) less the corresponding percentage to the Adjusted Share Price on the First Test Date multiplied by the number of Performance Shares held by that Holder on the First Test Date (prior to any conversion of Performance Shares into Shares) will convert into Shares on a one for one basis (after applying any conversion of Performance Shares pursuant to clause 4). For the avoidance of doubt, the Holder is entitled to retain those Shares converted from Performance Shares on the First Test Date (if applicable). All remaining Performance Shares held by the Holder following conversion of Performance Shares into Shares under this clause 4(b) will automatically convert into one (1) Share (in total).

Example: If a Holder on the First Test Date holds 100 Performance Shares and Tier 6 of the Share Price Hurdle has been achieved based on the Adjusted Share Price on the First Test Date. On the First Test Date, the Holder will be entitled to a conversion of 41.6667 Performance Shares to Shares.

On the Second Test Date, if Tier 8 of the Share Price Hurdle has been achieved based on the Adjusted Share Price on the Second Test Date, the Holder will be entitled to a conversion of the following number of Performance Shares:

(70.8333% - 41.6667%) x 100 Performance Shares = 29.1666 Performance Shares which will convert into Shares on a one for one basis.

Following the above conversion of Performance Shares into Shares, all remaining Performance Shares held by the Holder will automatically convert into one (1) Share (in total).

Following the calculation provisions set out in clause 4(b) and 4(c), the Holder will receive 29 + 1 Shares = 30 Shares on the Second Test Date.

(c) (**Calculations**) For the purposes of determining the conversions in clause 4(a) and 4(b) above, if:

(i) the Adjusted Share Price exceeds a Share Price Hurdle, but does not equal or exceed the next consecutive Share Price Hurdle Tier, the corresponding conversion percentage applicable to the first mentioned Share Price Hurdle will apply; and

(ii) where the converted Shares are not a whole number, the number of Shares will be rounded down to the nearest whole Share.

(d) (**Adjusted Share Price decrease between First Test Date and Second Test Date**) If the Adjusted Share Price on the Second Test Date is less than or equal to the Adjusted Share Price on the First Test Date, then all Performance Shares held by that Holder as at the Second Test Date will convert automatically into one Share (in total).

(e) (**Conversion of Performance Shares if milestone not achieved**) If the only Share Price Hurdle satisfied at:

(i) both the First Test Date and the Second Test Date; or

(ii) the Second Test Date,

is the first Tier Share Price Hurdle, all of the Performance Shares held by a Holder on the Second Test Date will automatically convert into one (1) Share (in total).

(f) (**Conversion on Change of Control Event**) If, on or prior to the Second Test Date, a Change of Control Event occurs in respect of the Company and the CoC Price on the date of the Change of Control Event:

(i) is less than the Tier 2 Share Price Hurdle, then all Performance Shares held by that Holder as at the date of the Change of Control Event will convert automatically into one Share (in total); or

(ii) is equal to or exceeds the Tier 2 Share Price Hurdle, then:

A. if the Change of Control Event occurs prior to the First Test Date, the corresponding percentage to the CoC Price (as specified in Column 3 of the Share Price Hurdle) of Performance Shares held by a Holder at that time, will convert into Shares on a one for one basis; or

B. if the Change of Control Event occurs after the First Test Date, then the percentage equal to the corresponding percentage to the CoC Price (as specified in Column 3 of the Share Price Hurdle) less the corresponding percentage to the Adjusted Share Price on the First Test Date multiplied by the number of Performance Shares held by that Holder on the First Test Date (prior to any conversion of Performance Shares into Shares), will convert into Shares on a one for one basis (after applying any conversion of Performance Shares pursuant to clause 3). For the avoidance of doubt, the Holder is entitled to retain those Shares converted from Performance Shares on the First Test Date (if applicable),

provided that the maximum number of Performance Shares that can be converted into Shares under this clause 4(f) upon a Change of Control Event occurring must not exceed 10% of the issued share capital of the Company (as at the date of the Change of Control Event). The Company will ensure a pro-rata allocation of Shares issued under this clause 4(f) to all Holders. All remaining Performance Shares held by the Holder following conversion of Performance Shares into Shares under this clause 4(f) will automatically convert into one (1) Share (in total).

(g) (**After Conversion**) The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (Sydney time) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue except as regards any rights attaching to such shares by reference to a record date prior to their date of allotment.

(h) (**Holding statements**) The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into the Shares.

(i) (**Restrictions on transfer**) Subject to clause 4(j), if any Performance Shares convert to Shares (in accordance with these terms) on the First Test Date, a Holder cannot, Deal with those Shares until after the Second Test Date.

(j) (**Excluded Dealing**) A Holder can Deal with the Shares that any of the Performance Shares convert into on the First Test Date if that Dealing is an Excluded Dealing, provided that, if for any reason any or all of those Shares are not transferred or cancelled in accordance with a takeover bid, scheme of arrangement or other transaction described in paragraphs (a), (b) or (c) of the definition of Excluded Dealing, then the Holder agrees that the restrictions in clause 4(i) of these terms will apply to all such Shares that any of the Performance Shares convert into on the First Test Date pursuant to these terms which are not so transferred or cancelled.

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Appendix E: Glossary

15 Appendix E: Glossary

Term	Definition
12 month June Forecast Cash Flows	Consolidated forecast net free cash flow before financing, tax and dividends for 12 month June-15 and 12 month June-16
12 month June Forecast Financial Information	12 month June Forecast Results and 12 month June Forecast Cash Flows
12 month June Forecast Results	Consolidated forecast income statements for 12 month June-15 and 12 month June-16
12 month June-15	12 months ending 30 June 2015
12 month June-16	12 months ending 30 June 2016
1H2015	Half year ending 30 June 2015
1H2016	Half year ending 30 June 2016
50% Retail Note Exchange	An assumption that 50% of the Existing Retail Notes are Exchanged through the Noteholder Exchange Offer
A-IFRS	Australian equivalents to International Financial Reporting Standards
AAS	Australian Accounting Standards
ABS	Australian Bureau of Statistics
AASB	Australian Accounting Standards Board
Accounting Software	Accounting Software comprises accounting, tax, payroll and other business management software solutions
API	Application Programming Interface
Appendix	An appendix to this Prospectus
Application	An application to subscribe for Shares offered under this Prospectus
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility)
ARPU	Average revenue per Paying User, calculated as Recurring Revenue for the period divided by average number of Paying Users for the period
ASIC	Australian Securities and Investments Commission
ASIC Act	*Australian Securities and Investments Commission Act 2001* (Cth)
ASX	ASX Limited (ACN 008 624 961) or the market it operates
ASX Listing Rules	The official listing rules of ASX
ASX Recommendations	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The rules of ASX Settlement Pty Limited (ACN 008 504 532)
Audited Financial Statements	The audited financial statements of the Company for FY2012, FY2013 and FY2014
Bain Capital	Collectively, Bain Capital Partners, LLC and the funds advised or managed by it, and where the context refers to a Shareholder or holder of Redeemable Preference Shares, Bain Capital Abacus Holdings L.P., a limited partnership which is wholly owned by funds advised by Bain Capital Partners, LLC
BBSW	The Australian Financial Markets Association Bank Bill Reference Rate
Board or **Board of Directors**	The board of directors of the Company
Broker	Any ASX participating organisation selected by the Joint Lead Managers and MYOB to act as a broker for the Offer

Term	Definition
Broker Firm Offer	The offer of Shares under this Prospectus to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation from their Broker provided that such clients are not in the United States as described in Section 7.3.1
CAGR	Compound annual growth rate
capital expenditure	A combination of capitalised product development costs and other costs primarily related to property, plant and equipment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHESS	ASX's Clearing House Electronic Subregister System
Closing Date	The date on which the Offer is expected to close, being 27 April 2015 in respect of the Retail Offer and 29 April 2015 in respect of the Institutional Offer (these dates may be varied without notice)
COGS	Cost of goods sold
Co-Managers	Bell Potter Securities Limited, JBWere Limited and UBS Wealth Management Australia Limited
Completion	The completion of the Offer, being the date on which Shares are issued or transferred to successful applicants in accordance with the terms of the Offer
Connected Services	Additional add-on software solutions designed to provide further benefits to SMEs which connect to, and typically exchange data with, the main cloud software function
Contribution Margin	Segment revenue less direct segment expenses, as a portion of segment revenue
Corporations Act	Corporations Act 2001 (Cth)
CRM	Customer relationship management
December 2014 Surveys	Surveys undertaken by The Rothcorp Group Pty Ltd, an Australian market research firm, in Australia: a survey of 1,003 SMEs, a further survey of 860 SMEs and a survey of 478 accountants and bookkeepers between November 2014 and December 2014
Director	Each of the directors of the Company from time to time
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation related to acquired intangibles
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible Employees	Australian resident permanent FTEs or part time employees of a member of the MYOB Group as at 5:00pm (Sydney time) on the Prospectus Date and who are not located in the United States (provided that they remain so employed and have not given, or been given, notice to terminate employment when the Employee Offer closes)
Eligible Retail Noteholders	Those holders of Existing Retail Notes at the Noteholder Exchange Closing Date who continue to hold Existing Retail Notes on the date they are Exchanged and who are residents of Australia or New Zealand and who are not located in the United States
Eligible US Fund Manager	A dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States that is acting for an account (other than an estate or trust) held for the benefit or account of persons that are not a US Person for which it has and is exercising investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act
Employee Offer	The offer of Shares to Eligible Employees as described in Section 7.3.3
Enterprise Software	Enterprise Software comprises ERP and HRM software solutions
Enterprise Software Market	The market covering the provision of Enterprise Software to Tier 1, 2 and 3 Enterprises
Enterprise Solutions	The MYOB division which provides Enterprise Software to Tier 2 and 3 Enterprises
ERP	Enterprise Resource Planning

Term	Definition
ERP Software Market	The market covering the provision of ERP software solutions to Tier 1, 2 and 3 Enterprises
Escrowed Shareholders	Bain Capital and the Management Shareholders
Exchange Application Form	The application form accompanying this Prospectus sent to Eligible Retail Noteholders
Exchange or **Exchanged** or **Exchanging**	The redemption of Existing Retail Notes and application of the redemption amount to the purchase of Shares at 97.5% of the Final Price, pursuant to the Retail Notes Trust Deed
Exchange Notice	The notice sent to Eligible Retail Noteholders advising them of their right to Exchange their Existing Retail Notes
Existing Retail Noteholders	Holders of Existing Retail Notes
Existing Retail Notes	Five year subordinated notes issued by MYOB Finance Australia Limited
Existing Shareholders	The Shareholders as at the Prospectus Date
Exposure Period	The seven day period after the date of the Original Prospectus, which may be extended by ASIC by up to a further seven days, during which an Application must not be accepted
Facility A	$435.0 million four year term loan facility
Final Price	The price per Share that all successful applicants under the Offer (other than the Employee Offer or Noteholder Exchange Offer) will pay for Shares as determined by the bookbuild and the process set out in Section 7.4, denominated in Australian dollars
Financial Adviser	Reunion Capital Partners
Financial Information	Historical Financial Information and Forecast Financial Information
Forecast Financial Information	Pro Forma Forecast Financial Information, Statutory Forecast Financial Information and 12 month June Forecast Financial Information
FTEs	Full time employees
FY2012	Financial year ended 31 December 2012
FY2013	Financial year ended 31 December 2013
FY2014	Financial year ended 31 December 2014
FY2015	Financial year ending 31 December 2015
Gartner Report	The Gartner Report (Forecast: Enterprise Software Markets, Worldwide, 2011 – 2018, 4Q14 Update) published December 2014 by Gartner, Inc.
GST	Goods and services tax
Historical Financial Information	Statutory Historical Financial Information and Pro Forma Historical Financial Information
HRM	Human Resource Management
HRM Software Market	The market covering the provision of HRM software solutions to Tier 1, 2 and 3 Enterprises
IFRS	International Financial Reporting Standards
Indicative Price Range	The indicative price range for the Offer of $3.00 to $4.00 per Share
Institutional Investors	Investors who are (a) persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; or (b) institutional investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which the Company is willing in its discretion to comply), in either case provided that if such investors are in the United States, they are either a QIB or an Eligible US Fund Manager
Institutional Offer	The invitation of Institutional Investors under this Prospectus to acquire Shares as described in Section 7.4

Term	Definition
Institutional Offering Memorandum	The offering memorandum under which the Institutional Offer will be made in certain jurisdictions outside Australia and New Zealand which consists of this Prospectus and an offer document "wrap"
Investigating Accountant	PwCS
ISSC	Information Security Steering Committee
IT	Information technology
Joint Lead Managers	Citigroup Global Markets Australia Pty Limited, Goldman Sachs Australia Pty Ltd, Merrill Lynch Equities (Australia) Limited and UBS AG, Australia Branch
L3M	Three months ended
L6M	Six months ended
Lenders	Australia and New Zealand Banking Group Limited, ANZ Bank New Zealand Limited, Commonwealth Bank of Australia, Mizuho Bank, Ltd., National Australia Bank Limited, Westpac Banking Corporation and Westpac New Zealand Limited
Loan Notes	Loan notes issued by the Company under a "PIK Note Deed Poll" dated 30 September 2011 to certain unrelated third parties
LTIP	Long term incentive plan
Management A Shares	Management A shares issued by the company
Management Shareholders	Certain current and former management employees of the MYOB Group who hold existing Shares, including the senior management referred to in Section 6.2
Mid-Point Final Price	An assumption that the Final Price is set at $3.50 per share, being the mid-point of the Indicative Price Range
MYOB or **the Company**	MYOB Group Limited (ABN 61 153 094 958)
MYOB Australia E1	A former wholly owned web hosting and domain name registration subsidiary, MYOB Australia E1 Pty Ltd, which was sold by MYOB on 31 July 2013
MYOB Group or **Group**	The Company and its subsidiaries
net debt	Interest bearing loans and borrowings (before capitalised borrowing costs) net of cash and cash equivalents
net free cash flow	Operating free cash flow less capital expenditure
New Banking Facilities	The Facility A and Revolving Facility provided by the Lenders, which will be entered into on or around the Prospectus Date
Non-paying Users	Desktop users that do not make a payment beyond the initial payment for their perpetual licence
Noteholder Exchange Closing Date	22 April 2015, being the date by which an Eligible Retail Noteholder must validly complete and lodge an Exchange Notice and Exchange Application Form to receive a guaranteed allocation of Shares as a result of the Exchange under the Offer as described further in Section 7.5
Noteholder Exchange Offer	Under the Noteholder Exchange Offer, each Eligible Retail Noteholder electing to Exchange will be issued or transferred a number of Shares equal to the principal outstanding on the Exchanged Existing Retail Notes divided by 97.5% of the Final Price as described in Section 7.5
Noteholder Exchange Offer Price	97.5% of the Final Price
NPAT	Net profit after tax
NPATA	Net profit after tax and after adding back the tax effected amortisation expense related to acquired intangibles
NZ Mutual Recognition Regulations	The New Zealand Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008

Term	Definition
NZ Stats	Statistics New Zealand Tatauranga Aotearoa
Offer	The offer under this Prospectus of 235.7 million Shares to be issued by the Company and of 2.2 million Shares to be sold by SaleCo
Offer Management Agreement or **OMA**	The offer management agreement dated on or about the Prospectus Date between the Joint Lead Managers, MYOB and SaleCo
Official List	The official list of entities that ASX has admitted to and not removed from listing
OnDeck Australia	OnDeck Australia Capital Pty Ltd
operating free cash flow	EBITDA less non-cash items in EBITDA (such as non-cash foreign exchange gains and losses, share-based payment expenses and the gifting of shares) and changes in working capital
Original Prospectus	The Prospectus dated 31 March 2015 and lodged with ASIC on that date, and which this Prospectus replaces
Paying Users	Users that make ongoing payments and include all cloud and those desktop users that make additional maintenance payments including for cashbook solutions and MYOB BankLink
PBT	Profit before tax
Performance Shares	Performance shares issued by the Company, details of which are set out at Section 6.3.4.1
Plan Rules	The rules of the LTIP which provides a framework under which the plan and individual grants will operate
Practice Software	Practice Software comprises "modules", including client accounting, practice management, tax management and document management, each consisting of multiple components, and may also include add-on software such as company secretarial and insolvency products
Practice Software Market	The market covering the provision of Practice Software to small (single partner) to large (multiple partner) accounting practices
Practice Solutions	The MYOB division which provides Practice Software to small (single partner) and large (multiple partner) accounting practices and other SME business partners
Pricing Disclosure Package	The Institutional Offering Memorandum and the final pricing information relating to the Shares
Priority Offer	The offer of Shares to investors in Australia and New Zealand nominated by the Company as described in Section 7.3.2
Pro Forma Forecast Cash Flows	Pro forma consolidated forecast cash flow statements for 12 month June-15, FY2015, 12 month June-16, 1H2015 and 1H2016
Pro Forma Forecast Financial Information	Pro Forma Forecast Results and Pro Forma Forecast Cash Flows
Pro Forma Forecast Results	Pro forma consolidated forecast income statements for 12 month June-15, FY2015, 12 month June-16, 1H2015 and 1H2016
Pro Forma Historical Balance Sheet	Pro forma consolidated historical balance sheet as at 31 December 2014
Pro Forma Historical Cash Flows	Pro forma consolidated historical cash flow statements for FY2012, FY2013 and FY2014
Pro Forma Historical Financial Information	Pro Forma Historical Results, Pro Forma Historical Cash Flows and Pro Forma Historical Balance Sheet
Pro Forma Historical Results	Pro forma consolidated historical income statements for FY2012, FY2013 and FY2014
Prospectus	This document dated 14 April 2015 and any replacement or supplementary prospectus in relation to this document
Prospectus Date	The date on which a copy of this Prospectus was lodged with ASIC, being 14 April 2015
PwC	PricewaterhouseCoopers

Term	Definition
PwCS	PricewaterhouseCoopers Securities Ltd
QIB	Qualified institutional buyer, as defined in Rule 144A under the US Securities Act
R&D	Research and development
Recurring Revenue	Revenue derived from Paying Users including subscription and maintenance payments, but excluding one-off perpetual and new licence payments
Redeemable Preference Shares	Cumulative management redeemable preference shares issued by the Company
Regulations	Corporations Regulations 2001 (Cth)
Relationship Deed	The relationship deed between the Company and Bain Capital described in Section 10.7.2
Retail Notes Issuer	MYOB Finance Australia Limited (ABN 25 161 013 654)
Retail Notes Register	The register for the Existing Retail Notes
Retail Notes Trust Deed	The trust deed dated 23 November 2012 (as amended by deed of amendment dated 4 December 2012) between the Retail Notes Issuer and The Trust Company (Australia) Limited (ACN 000 000 993) governing the issue of the Existing Retail Notes
Retail Offer	The Broker Firm Offer, Priority Offer and Employee Offer
Revolving Facility	$50.0 million four year revolving facility
SaleCo	MYOB Retail Ltd (ABN 73 604 849 854)
SaleCo Directors	The directors of SaleCo from time to time
Selling Shareholders	Existing Shareholders who elect to sell Shares to SaleCo
Settlement	The settlement in respect of the Shares the subject of the Offer occurring under the Offer Management Agreement
Share Registry	Link Market Services Limited (ABN 54 083 214 537)
Shareholder	The registered holder of a Share
Shares	Fully paid ordinary shares in the capital of the Company
SME Software Market	The market covering the provision of Accounting Software to micro businesses and small businesses
SME Solutions	The MYOB division which provides Accounting Software to SMEs, such as solutions that enable Accounting Software providers to deliver an SME's transaction data from its bank or other financial institution to its accountant to assist in the preparation of the SME's accounts
SMEs	Micro businesses (0 – 4 FTEs) and small businesses (5 – 19 FTEs)
Statutory Forecast Cash Flows	Statutory consolidated forecast cash flow statements for FY2015, 1H2015 and 1H2016
Statutory Forecast Financial Information	Statutory Forecast Results and Statutory Forecast Cash Flows
Statutory Forecast Results	Statutory consolidated forecast income statements for FY2015, 1H2015 and 1H2016
Statutory Historical Balance Sheet	Statutory consolidated historical balance sheet as at 31 December 2014
Statutory Historical Cash Flows	Statutory consolidated historical net free cash flow before financing, tax and dividends for FY2012, FY2013 and FY2014
Statutory Historical Financial Information	Statutory Historical Results, Statutory Historical Cash Flows and Statutory Historical Balance Sheet
Statutory Historical Results	Statutory consolidated historical revenue and net profit after tax for FY2012, FY2013 and FY2014
Tier 1 Enterprises	Government and corporate enterprises with 1,000+ FTEs
Tier 2 Enterprises	Large businesses with 200 to 999 FTEs

Term	Definition
Tier 3 Enterprises	Medium businesses with 20 to 199 FTEs
US or **United States**	United States of America, its territories and provinces, any state of the United States of America and the District of Columbia
US Person	Has the meaning given to it in Rule 902(k) under Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
VWAP	Volume weighted average price
working capital	Trade and other receivables, inventories and other current assets less trade and other payables, provisions and deferred (unearned) revenue

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MYOB

MYOB Group Limited
ABN 61 153 094 958

Broker Code

Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Shares in MYOB Group Limited under the Broker Firm Offer on the terms set out in the Prospectus dated 14 April 2015 issued by MYOB Group Limited (MYOB) and MYOB Retail Limited. This Prospectus replaces a Prospectus dated 31 March 2015 (Original Prospectus). You may apply for a minimum of A$1,000 worth of Shares or as otherwise advised by your Broker. This Application Form and your cheque or bank draft must be received by your Broker by the deadline set out in their offer to you.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable US securities laws.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

Application Monies

A **A$** , , .

(minimum A$1,000 or as otherwise advised by your Broker)

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant #1 Surname/Company Name

B

Title First Name Middle Name

Joint Applicant #2 Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

TFN/ABN/Exemption Code

C

First Applicant Joint Applicant #2 Joint Applicant #3

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

D

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of shareholder information)

CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

E **X**

Please note: If you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.

Telephone Number where you can be contacted during Business Hours Contact Name (PRINT)

F ( )

Cheques or bank drafts should be drawn up according to the instructions given by your Broker.

G

Cheque or Bank Draft Number BSB - Account Number

Total Amount **A$** , , .

LODGEMENT INSTRUCTIONS

You must return your application so it is received by your Broker by the deadline set out in their offer to you.

MYO BRO001

Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are MYOB Group Limited ("MYOB") Shares. Further details about the Shares are contained in the Prospectus dated 14 April 2015 issued by MYOB. The Prospectus will expire on 29 April 2016. While the Prospectus is current, MYOB will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investments Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

A Insert the value of Application Monies submitted.

B Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

C Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, MYOB will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

D Please enter your postal address for all correspondence. All communications to you from MYOB and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E If you are already a CHESS participant or sponsored by a CHESS participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to MYOB's issuer sponsored subregister.

F Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

G Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section A.

You should make your cheque payable to your Broker in accordance with their instructions.

ACCEPTANCE OF THE OFFER: By returning this Application Form with your Application Monies:

- you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
- you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
- you declare that all details and statements made are complete and accurate;
- you declare that if you received the Prospectus via electronic means, it was received either personally or a printout was accompanied by the Application Form before making an Application;
- you declare that each Applicant, if a natural person, is at least 18 years old;
- you declare that you are located in Australia or New Zealand, not acting for the account or benefit of any person in the United States;
- you were given access to the Prospectus together with the Application Form and you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an Application on this Application Form;
- if you are a trustee, you are authorised under the constituent documents of the trust to apply for and hold Shares in MYOB;
- if you are a custodian, you confirm that you are authorised by your client to give undertakings on their behalf;
- you provide authorisation to be registered as the holder of Shares issued to you and agree to be bound by the Constitution and the Prospectus;
- you apply for the number of Shares set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares, a lesser number or none;
- you agree to become a member of MYOB and to be bound by and comply with the terms of its Constitution;
- you acknowledge that the information contained in the Prospectus (or any supplementary or replacement Prospectus) is not investment advice or a recommendation that Shares are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares is not guaranteed by MYOB;
- you authorise MYOB and the Joint Lead Managers to do anything on your behalf necessary for Shares to be issued to you, including acting on instructions received by your Broker;
- you acknowledge that an investment in MYOB does not constitute an investment in, a deposit with, or any type of liability of the Joint Lead Managers or any of their related bodies corporate and none of the foregoing parties in any way stand behind or guarantee the repayment of capital from MYOB, the investment performance of MYOB or any portfolio rate of return;
- you acknowledge that an investment in MYOB involves a degree of risk;
- your Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law;
- you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where payment submitted with this Application Form is not honoured or for the wrong amount and you authorise MYOB to complete or correct this Application Form;
- you acknowledge that if you are not issued any Shares or you are issued fewer Shares than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act; and
- you agree that by providing MYOB with your email address, you consent to MYOB contacting you via email unless you notify MYOB otherwise in writing.

PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT: Personal information about you is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. For details about Link Group's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

CORRECT FORMS OF REGISTRABLE NAMES: Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section B on the Application Form.

Corporate Directory

Company's registered office

MYOB Group Limited
Level 3, 235 Springvale Road
Glen Waverley, VIC, 3150, Australia

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney, NSW, 2000, Australia

MYOB Offer Information Line

Within Australia: 1800 992 613
Outside of Australia: +61 1800 992 613
from 8:30am to 5:30pm, (Sydney time) Monday to Friday

Financial Adviser

Reunion Capital Partners Pty Ltd
Level 10, 56 Pitt Street
Sydney, NSW, 2000, Australia

Joint Lead Managers

Citigroup Global Markets Australia Pty Limited
Level 23, Citigroup Centre, 2 Park Street
Sydney, NSW, 2000, Australia

Goldman Sachs Australia Pty Ltd
Level 46, Governor Phillip Tower, 1 Farrer Place
Sydney, NSW, 2000, Australia

Merrill Lynch Equities (Australia) Limited
Level 38, Governor Phillip Tower, 1 Farrer Place
Sydney, NSW, 2000, Australia

UBS AG, Australia Branch
Level 16, Chifley Tower, 2 Chifley Square
Sydney, NSW, 2000, Australia

Australian legal adviser

Clayton Utz
Level 15, 1 Bligh Street
Sydney, NSW, 2000, Australia

US legal adviser

Ropes & Gray
41st Floor, One Exchange Square, 8 Connaught Place
Central, Hong Kong

Investigating Accountant

PricewaterhouseCoopers Securities Ltd
Darling Park Tower 2, 201 Sussex Street
Sydney, NSW, 2000, Australia

Auditor

PricewaterhouseCoopers
Freshwater Place, 2 Southbank Boulevard
Southbank, VIC, 3006, Australia

Co-Managers

Bell Potter Securities Limited
Level 29, 101 Collins Street
Melbourne, VIC, 3000, Australia

JBWere Limited
Level 17, 101 Collins Street
Melbourne, VIC, 3000, Australia

UBS Wealth Management Australia Limited
Level 16, Chifley Tower, 2 Chifley Square
Sydney, NSW, 2000, Australia

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