



Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Xero Limited

ABN

160 661 183 (ARBN)

Quarter ended

30 June 2015

Under the conditions of listing on the ASX in November 2012, Xero Limited (**Xero**) is required to provide quarterly cash-flow reports to the ASX. This unaudited cash flow report is for the quarter ended 30 June 2015.

Net cash outflows from operating and investing activities for the quarter were NZ\$28.5 million compared with NZ\$25.6 million for the quarter ending 31 March 2015. The table below provides a summary of the percentage increase in cash flows for the current quarter and year to date with the comparative period last year.

	Quarterly increase % year on year
Receipts from customers	72%
Payments for operating activities	68%
Payments for investing activities	28%

Items to note:

- Payments for staff costs includes NZ\$3.7 million relating to annual tax payments on share based compensation compared to NZ\$1.4m in the same quarter in Xero's prior financial year.
- Xero had cash and short term deposit balances of NZ\$243.5 million at 30 June 2015.

As stated at Xero's 2015 Annual Meeting, Xero continues to believe that ongoing investment in customer growth and product innovation is the correct strategy given the substantial opportunity and potential long-term returns.

Xero is focused on containing its full financial year cash outflow to similar levels to Xero's prior financial year.



Unaudited consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
1.1	Receipts from customers	40,476	40,476
1.2	Payments for		
	(a) staff costs	(31,804)	(31,804)
	(b) advertising and marketing	(11,459)	(11,459)
	(c) research and development	-	-
	(d) leased assets	(1,987)	(1,987)
	(e) other working capital	(13,496)	(13,496)
1.3	Dividends received	-	-
1.4	Interest received	1,703	1,703
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(1,134)	(1,134)
1.7	Other income	675	675
Net operating cash flows		(17,026)	(17,026)

Cash flows related to investing activities		Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(9,968)	(9,968)
	(d) physical non-current assets	(1,569)	(1,569)
	(e) other non-current assets	(7)	(7)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	47	47
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other	-	-
Net investing cash flows		(11,497)	(11,497)
1.14	Total operating and investing cash flows	(28,523)	(28,523)



Cash flows related to financing activities		Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
1.15	Proceeds from issues of shares	386	386
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other: movement in short term deposits	6,000	6,000
Net financing cash flows		6,386	6,386
Net increase (decrease) in cash held		(22,137)	(22,137)
1.21	Cash at beginning of quarter/year to date	58,866	58,866
1.22	Exchange rate adjustments to item 1.21	2,782	2,782
1.23	Cash at end of quarter/year to date	39,511	39,511

Reconciliation of cash and short term deposits

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

		Current Quarter \$NZ'000	Previous Quarter \$NZ'000
4.1	Cash	39,511	58,866
4.2	Deposits on call	-	-
4.3	Bank overdraft	-	-
4.4	Short term deposits	204,000	210,000
Total	Cash and short term deposits at end of quarter	243,511	268,866

Payments to directors of the entity and associates of the directors

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

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

1.25 Aggregate amount of loans to the parties included in item 1.11

1.26 Explanation necessary for an understanding of the transactions:

1.24 includes directors' fees and executive director's salary

Current quarter \$NZ'000
358
-



Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
N/A
- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest
N/A

Financing facilities available

- 3.1 Loan facilities
- 3.2 Credit standby arrangements

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

Acquisitions and disposals of business entities during the quarter

- 5.1 Name of entity
- 5.2 Place of incorporation or registration
- 5.3 Consideration for acquisition or disposal
- 5.4 Total net assets
- 5.5 Nature of business

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

Compliance statement

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



Ross Jenkins
Interim CFO

Date 31 July 2015