FULGONI GIAN
Form 4
March 08, 2011

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
FULGONI GIAN
(Last) (First) (Middle)
C/O COMSCORE, INC., 11950 DEMOCRACY DRIVE
(Street)
RESTON, VA 20190
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
COMSCORE, INC. [SCOR]

3. Date of Earliest Transaction (Month/Day/Year)
03/04/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Executive Chairman

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/04/2011		S		3,300 (1)	D	$ 29.0149	745,899	D	
Common Stock	03/07/2011		S		600 (1)	D	$ 29.0117	745,299	D	
Common Stock	03/07/2011		G		4,464	D	$ 0	740,835	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FULGONI GIAN C/O COMSCORE, INC. 11950 DEMOCRACY DRIVE RESTON, VA 20190	X		Executive Chairman	

Signatures

/s/ Christiana Lin, Attorney-in-fact	03/07/2011
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares disposed of pursuant to a 10b5-1 plan entered into in November 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Net (loss) income

$
(1,188
)

$
17,984

$
11,106

Income tax benefit

(2,220
)

—

—

Interest expense

2,962

1,334

1,433

Depreciation and amortization

6,777

6,268

6,072

Severance and relocation [1]

—

192

181

Management fees and expenses [2]

4,584

2,896

Explanation of Responses:

87

Professional fees [3]

2,219

2,957

852

Litigation settlement [4]

20,000

—

—

Stock based compensation expense [5]

2,577

127

132

Strategic and financial restructuring expenses [6]

1,561

—

—

Adjusted EBITDA

$
37,272

$

31,758

$
19,863

Adjusted EBITDA margin

19.5
%

19.0
%

14.1
%

48

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(1) Represents one-time employment related expenses, including a severance payment to a former executive, and costs to relocate certain departments from California to our Tennessee facility.

(2) Represents management fees and out-of-pocket expenses paid pursuant to our management agreement with Malibu Boats Investor, LLC, an affiliate, which was terminated upon the closing of the IPO. Upon termination of the agreement, we paid a one time termination fee of $3.75 million.

(3) Represents legal and advisory fees related to our refinancing activities and legal expenses related to our litigation with Pacific Coast Marine Windshields Ltd. and Nautique Boat Company, Inc. For more information about the legal proceedings, refer to Note 14 of our consolidated financial statements included elsewhere in this Annual Report.

(4) Represents a one-time charge related to the settlement of litigation with Pacific Coast Marine Windshields Ltd. on September 15, 2014. For more information, see Note 14 to our audited consolidated financial statements included elsewhere in this Annual Report.

(5) Represents equity-based incentives awarded to certain of our employees including a $1.8 million stock compensation charge as a result of the modification of certain profits interest awards previously granted in 2012 under the first amended and restated limited liability company agreement of the LLC, as amended, in connection with our IPO.

(6) Represents legal, accounting and other expenses directly related to the Recapitalization and public equity offerings.

Adjusted Fully Distributed Net Income

We define Adjusted Fully Distributed Net Income as net (loss) income attributable to Malibu Boats, Inc. (i) excluding income tax expense, (ii) excluding the effect of non-recurring and non-cash items, (iii) assuming the exchange of all LLC Units into shares of Class A Common Stock, which results in the elimination of non-controlling interest in the LLC, and (iv) reflecting an adjustment for income tax expense on fully distributed net (loss) income before income taxes at our estimated effective income tax rate. Adjusted Fully Distributed Net Income is a non-GAAP financial measure because it represents net (loss) income attributable to Malibu Boats, Inc, before non-recurring or non-cash items and the effects of non-controlling interests in the LLC.

We use Adjusted Fully Distributed Net Income to facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results prepared in accordance with GAAP, provides a more complete understanding of factors and trends affecting our business than GAAP measures alone.

We believe Adjusted Fully Distributed Net Income assists our board of directors, management and investors in comparing our net (loss) income on a consistent basis from period to period because it removes non-cash (stock-based compensation) and non-recurring items (strategic and financial restructuring expenses), and eliminates the variability of non-controlling interest as a result of member owner exchanges of LLC Units into shares of Class A Common Stock.

In addition, because Adjusted Fully Distributed Net Income are susceptible to varying calculations, the Adjusted Fully Distributed Net Income measures, as presented in this Annual Report, may differ from and may, therefore, not be comparable to similarly titled measures used by other companies.

The table that follows shows the reconciliation of net (loss) income attributable to Malibu Boats, Inc. to Adjusted Fully Distributed Net Income for the periods presented (in thousands except per share data):

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	Fiscal Year Ended June 30,		
	2014	2013	2012
Net loss attributable to Malibu Boats, Inc.	$(4,676)	$—	$—
Income tax benefit	(2,220)	—	—
Stock based compensation expense	2,577	127	132
Management fees and expenses [1]	4,584	2,896	87
Professional fees [2]	2,219	2,957	852
Litigation settlement [3]	20,000	—	—
Strategic and financial restructuring expenses [4]	1,561	—	—
Net income attributable to non-controlling interest [5]	3,488	17,984	11,106
Fully distributed net income before income taxes	27,533	23,964	12,177
Income tax expense on fully distributed income before income taxes [6]	9,912	8,627	4,384
Adjusted Fully Distributed Net Income	$17,621	$15,337	$7,793
Adjusted Fully Distributed Net Income per share of Class A Common Stock [7]:			
Basic	$0.78	$0.68	$0.35
Diluted	$0.78	$0.68	$0.35
Shares of Class A Common Stock outstanding used in computing Adjusted Fully Distributed Net Income [8]:			
Basic	22,498,631	22,498,631	22,498,631
Diluted	22,498,631	22,498,631	22,498,631

(1) Represents management fees and out-of-pocket expenses paid pursuant to our management agreement with Malibu Boats Investor, LLC, an affiliate, which was terminated upon the closing of the IPO. Upon termination of the agreement, we paid a one-time termination fee of $3.75 million.

(2) Represents legal and advisory fees related to our refinancing activities and legal expenses related to our litigation with Pacific Coast Marine Windshields Ltd. and Nautique Boat Company, Inc.

(3) Represents a one-time charge related to the settlement of litigation with Pacific Coast Marine Windshields Ltd. on September 15, 2014. For more information, see Note 14 to our audited consolidated financial statements included elsewhere in this Annual Report.

(4) Represents legal, accounting and other expenses directly related to the Recapitalization.

(5) Reflects the elimination of the non-controlling interest in the LLC as if all LLC members had fully exchanged their LLC Units for shares of Class A Common Stock. Earnings prior and up to our IPO on February 5, 2014 were entirely allocable to members of the LLC, as such we updated our historical presentation to attribute these earnings to the non-controlling interest LLC Unit holders.

(6) Reflects income tax expense at an estimated normalized annual effective income tax rate of 36.0% of income before income taxes assuming the conversion of all LLC Units into shares of Class A Common Stock and the tax impact of excluding strategic and financial restructuring expenses. The estimated normalized annual effective income tax rate is based on the federal statutory rate plus a blended state rate adjusted for deductions under Section 199 of the Internal Revenue Code of 1986, as amended, and state taxes attributable to the LLC.

(7) Adjusted fully distributed net income divided by the shares of Class A Common Stock outstanding in (8) below.

(8) Shares of Class A Common Stock represents (i) the total number of shares of Class A Common Stock outstanding as of June 30, 2014, (ii) the 11,373,737 remaining LLC Units not held by the Company as of June 30, 2014 as if they were exchanged on a one-for-one basis for the Company's Class A Common Stock, and (iii) the 60,693 fully vested stock units outstanding as of June 30, 2014 granted to directors for their services. For the fiscal years 2013 and 2012, the Company assumed the same number of Class A Common Stock shares

outstanding as of June 30, 2014.

Quarterly Results of Operations

The table below sets forth our unaudited quarterly consolidated statements of operations data for each of the eight quarters through the period ended June 30, 2014. The unaudited quarterly consolidated statements of operations data were prepared on a basis consistent with the audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. Quarterly information presented for the quarters through December 31, 2013 reflects information as presented by the LLC for periods prior to our IPO on February 5, 2014 while quarterly information for the quarter ended March 31, 2014 and June 30, 2014 reflects information as presented by us after our IPO on February 5, 2014. Since earnings prior and up to February 5,

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2014 were entirely allocable to members of the LLC, we updated our historical presentation to attribute these earnings to the non-controlling interest LLC unit holders. In the opinion of management, the quarterly financial information reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data. This information should be read in conjunction with the audited consolidated financial statements and related notes included elsewhere in this Annual Report. The historical results presented below are not necessarily indicative of the results to be expected for any future period, and the results for any interim period may not necessarily indicative of the results of operations for a full year. The numbers in this table may not foot due to rounding differences.

	Three Months Ended (Unaudited)							
	June 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sept. 30, 2013	June 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012
Net sales	$53,400	$50,293	$43,938	$43,304	$48,973	$47,062	$37,818	$33,159
Gross profit	14,676	13,401	11,696	11,021	13,938	12,500	9,294	7,868
Operating (loss) income	(12,914)	296	5,823	6,340	8,624	5,532	4,165	986
Net (loss) income	(10,600)	(987)	5,220	5,179	8,376	5,200	3,767	639
Net (loss) income attributable to non-controlling interest	(6,294)	(617)	5,220	5,179	8,376	5,200	3,767	639
Net loss attributable to Malibu Boats, Inc.	$(4,306)	$(370)	$—	$—	$—	$—	$—	$—

Liquidity and Capital Resources

Our primary sources of funds have been cash provided by operating activities, borrowings under our credit agreement and net proceeds from our IPO. Our primary use of funds has been for repayments under our credit arrangements, capital investments and cash distributions to members of the LLC. The following table summarizes the cash flows from operating, investing and financing activities (dollars in thousands):

	Fiscal Year Ended June 30,		
	2014	2013	2012
Total cash provided by (used in):			
Operating activities	$23,765	$25,899	$15,495
Investment activities	(5,906)	(2,878)	(2,651)
Financing activities	(21,643)	(21,861)	(7,132)
(Decrease) increase in cash	$(3,784)	$1,160	$5,712

Comparison of the Fiscal Year Ended June 30, 2014 to the Fiscal Year Ended June 30, 2013

Operating Activities

Net cash from operating activities was $23.8 million for the fiscal year ended June 30, 2014, compared to $25.9 million for the same period in 2013, a decrease of $2.1 million. The decrease in cash from operating activities was primarily due to cash paid for one time operating expenses, including a $3.8 million termination payment in connection with the termination of our former management agreement and $2.8 million in IPO-related costs. Cash receipts from boat sales to our dealer network increased $25.3 million during fiscal 2014 as compared to fiscal 2013, driven mostly by higher unit sales volume, which increased 8.9% and higher average net sales per unit, which increased 5.0% over the same period. The higher average net sales per unit was attributable to higher sales prices on new boat models and increased sales of larger, higher margin boats, including the Wakesetter 23 LSV and Axis A24, as well as increased sales of our Surf Gate system, which became available on Axis models in July 2013. Cash payments to suppliers for purchase of raw material and other supplies used in the manufacturing process increased $21.5 million for the fiscal year ended June 30, 2014, compared to the same period in 2013, primarily due to increased production levels associated with the higher volumes as well as increased consumption of materials driven by a mix of larger boats. Cash paid for interest increased $0.2 million attributable to the refinancing of our term loan in July 2013.

Investing Activities

Net cash used for investing activities was $5.9 million for the fiscal year ended June 30, 2014 compared to $2.9 million for the same period in 2013, an increase of $3.0 million. Our cash used for investing activities for fiscal years 2014 and 2013

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primarily related to investments in new property and equipment, including boat molds, a new ventilation system, and construction on a loading facility at our Loudon, Tennessee plant.

Financing Activities

Net cash used for financing activities was $21.6 million for fiscal 2014 compared to $21.9 million for fiscal 2013, a decrease of $0.3 million. During July 2013, we refinanced our term loan for $65 million. The proceeds from our new term loan not used to repay our former term loan were used to pay distributions to the holders of LLC Units. In connection with the refinancing, we paid $1.1 million for financing fees directly attributable to obtaining the term loan. Distributions paid to LLC unit holders for fiscal 2014 were $65.2 million. We received net proceeds of $99.5 million from our IPO in February 2014, and used approximately $29.8 million to purchase LLC Units directly from the existing holders of LLC Units and used the remainder, or $69.8 million, to purchase newly issued LLC Units from the LLC. Of the net proceeds received by the LLC, $63.4 million was used to pay down all of the amounts owed under the LLC's credit facilities and term loan. Offering costs of $1.6 million, paid for and capitalized in connection with our IPO, were netted against the proceeds from the IPO.

Comparison of the Fiscal Year Ended June 30, 2013 to the Fiscal Year Ended June 30, 2012

Operating Activities

Net cash from operating activities was $25.9 million for the fiscal year ended June 30, 2013, compared to $15.5 million for the fiscal year ended June 30, 2012, an increase of $10.4 million. This increase was primarily driven by an increase in our cash receipts from sales of recreational and sports boats to our dealer network, which for the fiscal year ended June 30, 2013, increased by $29.6 million over receipts for the fiscal year ended June 30, 2012. The increase was driven by a 7.7% higher unit sales volume during the fiscal year ended June 30, 2013, compared to the same period in 2012. Additionally, average net sales per unit increased for the fiscal year ended June 30, 2013, compared to the same period in 2012, primarily attributable to increased sales prices on new boat models and the introduction of new premium-priced models, including the Wakesetter 24 MXZ and Wakesetter 20 MXZ, both of which were introduced in 2013. We also introduced our new Surf Gate system during the same period. Cash payments to suppliers for purchase of raw material and other supplies increased by $12.6 million for the fiscal year ended June 30, 2013, compared to the same period in 2012, primarily attributable to consumption of these items during the manufacturing process associated with higher production volumes, larger models and additional features. Cash paid for operating expenses increased $6.3 million during fiscal year ended June 30, 2013, as compared to the same period 2012. This increase was primarily attributable to payments of $2.8 million to our sponsor for management fees, including a one-time payment of $2.1 million, as well as professional fees related to our refinancing activities and legal expenses related to a dispute with a former supplier and increased selling and marketing expense to support higher unit sales volumes.

Investing Activities

Net cash used for investing activities was $2.9 million for fiscal year 2013 compared to $2.7 million for fiscal year 2012. Our cash used for investing activities for fiscal years 2012 and 2013 primarily related to the purchase of property and equipment.

Financing Activities

Net cash used for financing activities was $21.9 million for fiscal year 2013 compared to $7.1 million for fiscal year 2012. Our financing activities for fiscal year 2013 primarily consisted of distributions to members of the LLC financed by our July 2012 refinancing as well as ongoing tax distributions. The proceeds from the July 2012 refinancing were used to repay existing term and revolving loans that were due August 2012, pay equity distributions of $15.4 million, deferred financing and related fees of $0.7 million and management fees of $2.1 million in connection with the payment of management fees to Malibu Boats Investor, LLC, an affiliate, pursuant to an amendment to the management agreement in July 2012. Our financing activities for fiscal year 2012 primarily consisted of principal repayments of a prior credit facility.

Loans and Commitments

Our indirect subsidiary, Malibu Boats, LLC, as borrower, has lending arrangements with several financial institutions pursuant to a credit agreement with a syndicate of banks led by SunTrust Bank. Borrowings under the credit agreement bear interest at a rate equal to either, at our option, (i) the highest of the prime rate, the Federal Funds Rate

plus 0.5% or one-month London Interbank Offered Rate ("LIBOR") plus 1% or (ii) the Adjusted LIBOR Rate, in each case plus the applicable margin, as defined in our credit agreement. The obligations of Malibu Boats LLC under the credit agreement are currently guaranteed by its parent, Malibu Boats Holdings, LLC, and its subsidiary, Malibu Boats Domestic International Sales Corp. Malibu Boats, Inc. is not a party to the credit agreement. The lending arrangements are required to be guaranteed by the LLC and the present and future domestic subsidiaries of Malibu Boats, LLC and are secured by substantially all of the assets of the LLC, Malibu

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Boats, LLC and Malibu Domestic International Sales Corp., and those of any future domestic subsidiary pursuant to a security agreement. As of June 30, 2014, the credit agreement included the following facilities:

- Revolving Credit Facility. Malibu Boats, LLC has access to a revolving credit facility from a bank syndicate led by SunTrust Bank with available borrowings of $10 million due on or before July 16, 2018. As of June 30, 2014, no amounts were outstanding under the revolving credit facility.
- Swingline Credit Facility. Malibu Boats, LLC received a swingline line of credit from SunTrust Bank in the principal amount of up to $2 million due on or before July 16, 2018. Any amounts drawn under the swingline line of credit reduce the capacity under the revolving credit facility. As of June 30, 2014, no amounts were outstanding under the swingline facility.
- Letter of Credit Facility. Malibu Boats, LLC has the ability to request the issuance of letters of credit by SunTrust Bank in the principal amount of up to $3 million. The principal amounts of any issued but undrawn letters of credit and any amounts drawn under issued letters of credit that have not been reimbursed reduce the availability under the revolving credit facility. As of June 30, 2014, no drawn and unreimbursed amounts were outstanding under the letter of credit facility.
- Term Loans. Malibu Boats, LLC received a term loan from each of the banks in the syndicate in the aggregate principal amount of $65 million due on or before July 16, 2018. We repaid the $63.4 million outstanding related to the term loan in full on February 5, 2014 with the proceeds from the IPO.

Subject to the terms of the credit agreement, Malibu Boats, LLC has the option to request the lenders to increase the aggregate amount under the revolving credit facility and the term loan facility up to an additional $30 million; however, the lenders are not obligated to do so.

The credit agreement permits prepayment without any penalties. It contains certain customary representations and warranties, and notice requirements for the occurrence of specific events such as pending or threatened labor disputes, litigation or judgments over a certain amount. The credit agreement requires compliance with certain financial covenants that we believe are customary for facilities and transactions of this type, including a minimum ratio of EBITDA to fixed charges and a maximum ratio of total debt to EBITDA. The credit agreement also contains certain restrictive covenants, which, among other things, place limits on our activities and those of our subsidiaries, the incurrence of additional indebtedness and additional liens on property and limit the future payment of dividends or distributions. For example, the credit agreement generally prohibits the LLC, Malibu Boats, LLC and Malibu Domestic International Sales Corp. from paying dividends or making distributions, including to Malibu Boats, Inc. The credit agreement permits, however, distributions based on a member's allocated taxable income, distributions to fund payments that are required under the tax receivable agreement, payments pursuant to stock option and other benefit plans up to $2.0 million in any fiscal year, dividends and distributions within the loan parties and dividends payable solely in interests of classes of securities. In addition, after June 30, 2014, the LLC may make dividends and distributions of up to $4.0 million in any fiscal year, subject to compliance with other financial covenants. The credit agreement specifies permitted liens, permitted investments and permitted debt. Affirmative covenants governing the timing of monthly, quarterly and annual financial reporting are also included in the credit agreement. As of June 30, 2014, we were in compliance with all covenants in the credit agreement and security agreement.

Future Liquidity Needs

Management believes that our existing cash, borrowing capacity under our revolving credit facility and cash flows from operations will be sufficient to fund our operations for the next 12 months. Our future capital requirements will depend on many factors, including the general economic environment in which we operate and our ability to generate cash flow from operations. Factors impacting our cash flow from operations include, but are not limited to, our growth rate and the timing and extent of operating expenses.

In September 2014, we resolved a litigation matter with Pacific Coast Marine Windshields Ltd., or "PCMW," and agreed to pay $20.0 million in cash to the plaintiffs. We expect to use available cash on hand and borrowings under our revolving credit facility to make the settlement payment. Refer to Note 14 to the audited consolidated financial statements included elsewhere in this Annual Report for further information on the litigation matter. As a result of our upcoming payment for the settlement in the litigation matter with PCMW and our potential acquisition of our Australian licensee, we may seek additional financing to enhance our liquidity position.

Capital Resources

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Future uses of cash related to significant capital projects underway include the expansion of our Loudon, Tennessee facility to add approximately 24,000 square feet for a loading and warehouse facility on land we own. Remaining expenditures associated with this capital project are expected to be up to $1.0 million over the next quarter. Management expects our capital expenditures for fiscal year 2015 to be lower the fiscal year 2014 capital expenditures because we expect to complete the expansion of our warehouse and loading facility in the first quarter of fiscal 2015. Capital expenditures for fiscal year 2015 are expected to consist primarily of additional investments to expand our Tennessee facility, new tooling, and expenditures to increase production capacity to accommodate future growth.

Off-Balance Sheet Arrangements

Repurchase Commitments

In connection with our dealers' wholesale floor plan financing of boats, we have entered into repurchase agreements with various lending institutions. The repurchase commitment is on an individual unit basis with a term from the date it is financed by the lending institution through payment date by the dealer, generally not exceeding two and a half years. Such agreements are customary in the industry and our exposure to loss under such agreements is limited by the resale value of the inventory which is required to be repurchased. Refer to Note 14 to the audited consolidated financial statements included elsewhere in this Annual Report for further information on repurchase commitments.

Contractual Obligations and Commitments

On February 5, 2014, we used a portion of the net proceeds from the IPO of Malibu Boats, Inc. to pay down all of the amounts owed under the credit facilities and term loans in an amount equal to $63.4 million. In addition, the interest rate swap was settled in connection with the repayment of the term loan. See "- Recapitalization, IPO and Follow-on Offering" above.

As of June 30, 2014, our continuing contractual obligations were as follows:

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(In thousands)				
Operating leases [1]	$24,762	$1,949	$3,846	$3,955	$15,012
Purchase obligations [2]	19,931	19,931	—	—	—
Total	$44,693	$21,880	$3,846	$3,955	$15,012

(1) We sold our two primary manufacturing and office facilities for a total of $18.3 million in 2008, which resulted in a gain of $0.7 million. Simultaneous with the sale, we entered into an agreement to lease back the buildings for an initial term of 20 years. The net gain of $0.2 million has been deferred and is being amortized in proportion to rent charged over the initial lease term.

(2) As part of the normal course of business, we enter into purchase orders from a variety of suppliers, primarily for raw materials, in order to manage our various operating needs. The orders are expected to be purchased throughout fiscal years 2015 and 2016.

The table above does not reflect our obligation to pay $20.0 million for the settlement of our litigation with Pacific Coast Marine Windshields, Ltd. The payment is due on the date we enter into the definitive settlement agreement which is expected to be on or prior to September 29, 2014, or such later date as the parties agree.

Our dealers have arrangements with certain finance companies to provide secured floor plan financing for the purchase of our products. These arrangements indirectly provide liquidity to us by financing dealer purchases of our products, thereby minimizing the use of our working capital in the form of accounts receivable. A majority of our sales are financed under similar arrangements, pursuant to which we receive payment within a few days of shipment of the product. We have agreed to repurchase products repossessed by the finance companies if a dealer defaults on its debt obligations to a finance company and the boat is returned to us, subject to certain limitations. Our financial exposure under these agreements is limited to the difference between the amounts unpaid by the dealer with respect to the repossessed product plus costs of repossession and the amount received on the resale of the repossessed product. No losses have been incurred under these agreements in the past three fiscal years. An adverse change in retail sales, however, could require us to repurchase repossessed units upon an event of default by any of our dealers, subject to the annual limitation.

Seasonality

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Our dealers experience seasonality in their business. Retail demand for boats is seasonal, with a significant majority of sales occurring during peak boating season, which coincides with our first and fourth fiscal quarters. In order to minimize the impact of this seasonality on our business, we manage our manufacturing processes and structure dealer incentives to tie our annual volume rebates program to consistent ordering patterns, encouraging dealers to purchase our products throughout the year. In this regard, we may offer free flooring incentives to dealers from the beginning of our model year through April 30 of each year. Further, in the event that a dealer does not consistently order units throughout the year, such dealer's rebate is materially reduced. We may offer off-season retail promotions to our dealers in seasonally slow months, during and ahead of boat shows, to encourage retail demand.

Emerging Growth Company

We are an "emerging growth company," as defined in the JOBS Act. For as long as we are an "emerging growth company," we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding stockholder advisory "say-on-pay" votes on executive compensation and stockholder advisory votes on golden parachute compensation.

The JOBS Act also provides that an "emerging growth company" can utilize the extended transition period provided in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards. Pursuant to Section 107 of the JOBS Act, we have chosen to "opt out" of such extended transition period and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for companies that are not "emerging growth companies." Under the JOBS Act, our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

We will continue to be an emerging growth company until the earliest to occur of (i) the last day of the fiscal year during which we had total annual gross revenues of at least $1 billion (as indexed for inflation), (ii) the last day of the fiscal year following the fifth anniversary of the closing of the IPO, (iii) the date on which we have, during the previous three-year period, issued more than $1 billion in non-convertible debt or (iv) the date on which we are deemed to be a "large accelerated filer," as defined under the Exchange Act. Accordingly, we could remain an "emerging growth company" until as late as June 30, 2019.

Inflation

The market prices of certain materials and components used in manufacturing our products, especially resins that are made with hydrocarbon feedstocks, copper, aluminum and stainless steel, can be volatile. Historically, however, inflation has not had a material effect on our results of operations. Significant increases in inflation, particularly those related to wages and increases in the cost of raw materials, could have an adverse impact on our business, financial condition and results of operations.

New boat buyers often finance their purchases. Inflation typically results in higher interest rates that could translate into an increased cost of boat ownership. Should inflation and increased interest rates occur, prospective consumers may choose to forgo or delay their purchases or buy a less expensive boat in the event credit is not available to finance their boat purchases.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. These principles require us to make estimates and judgments that affect the reported amounts of assets, liabilities, expenses and cash flows, and related disclosure of contingent assets and liabilities. Our estimates include those related to goodwill, revenue recognition, rebates, equity-based compensation, product repurchases and warranty claims. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

We believe that of our significant accounting policies, which are described in the notes to our audited consolidated financial statements appearing elsewhere in this Annual Report, the accounting policies listed below involve a greater degree of judgment and complexity. Accordingly, we believe these are the most critical to understand and evaluate fully our financial condition and results of operations.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill amounts are not amortized, but rather are evaluated for

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potential impairment on an annual basis, as of June 30, unless circumstances indicate the need for impairment testing between the annual tests in accordance with the provisions of Accounting Standards Codification, or ASC Topic 350, “Intangibles—Goodwill and Other.” If this assessment indicates the possibility of impairment, the income approach to test for goodwill impairment would be used unless circumstances indicate that a better estimate of fair value was available. Under the income approach, management calculates the fair value of each reporting unit based on the present value of estimated future cash flows. If the fair value of the reporting unit exceeds the carrying value of the net assets including goodwill assigned to that unit, goodwill is not impaired. If the carrying value of the reporting unit’s net assets including goodwill exceeds the fair value of the reporting unit, then management determines the implied fair value of the reporting unit’s goodwill. If the carrying value of a reporting unit’s goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference. We did not recognize any goodwill impairment charges in the fiscal years ended June 30, 2014 and 2013.

Revenue Recognition

We generally manufacture products based on specific orders from dealers and often ship completed products only after receiving credit approval from third-party financial institutions or those participating in floor financing programs. Revenue associated with sales to dealers financed through either source is primarily recorded when all of the following conditions have been met:

- an order for a product has been received;
- a common carrier signs the delivery ticket accepting responsibility for the product; and
- the product is removed from our property for delivery.

These conditions are generally met when title passes, which is when boats are shipped to dealers in accordance with shipping terms, which are primarily free on board shipping point.

Dealers generally have no rights to return unsold boats. From time to time, however, we may accept returns in limited circumstances and at our discretion under our warranty policy, which generally limits returns to instances of manufacturing defects. We estimate the costs that may be incurred under our basic limited warranty and record a liability in the amount of such costs at the time the product revenue is recognized. We may also be obligated, in the event of default by a dealer, to accept returns of unsold boats under our repurchase commitment to floor financing providers, which are able to obtain such boats through foreclosure. We accrue estimated losses when a loss, due to the default of one of our dealers, is determined to be probable and the amount of the loss is reasonably estimable. Refer to Notes 6 and 14 to our audited consolidated financial statements included elsewhere in this Annual Report for more information related to our product warranty and repurchase commitment obligations, respectively.

Revenue from boat part sales is recorded as the product is shipped from our location, which is free on board shipping point. Revenue associated with sales of materials, parts, boats or engine products sold under our exclusive manufacturing and distribution agreement with our Australian licensee are recognized under free-on-board port of disembarkment terms, the point at which the risks of ownership and loss pass to the licensee. We also earn royalties from our Australian licensee, which are accrued on a monthly basis based on a percentage of the licensee’s gross sales. Royalties earned are paid to us on a quarterly basis.

Revenue associated with sales to the independent representative responsible for international sales is recognized in accordance with free on board shipping point terms, the point at which the risks of ownership and loss pass to the representative. A fixed percentage discount is earned by the independent representative at the time of shipment to the representative as a reduction in the price of the boat and is recorded in our consolidated statement of operations as a reduction in sales.

Rebates, Promotions, Floor Financing and Incentives

We provide for various structured dealer rebate and sales promotions incentives, which are recognized as a reduction in net sales, at the time of sale to the dealer. Examples of such programs include rebates, seasonal discounts, promotional co-op arrangements and other allowances. Dealer rebates and sales promotion expenses are estimated based on current programs and historical achievement and/or usage rates. Actual results may differ from these estimates if market conditions dictate the need to enhance or reduce sales promotion and incentive programs or if dealer achievement or other items vary from historical trends. Free floor financing incentives are estimated at the time of sale to the dealer based on the expected expense to us over the term of the free flooring period and are recognized

as a reduction in sales.

Income Taxes

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Malibu Boats, Inc. is taxed as a C corporation for U.S. income tax purposes and is therefore subject to both federal and state taxation at a corporate level. Following the IPO, the LLC continues to operate in the United States as a partnership for U.S. federal income tax purposes.

We file various federal and state tax returns, including some returns that are consolidated with subsidiaries. We account for the current and deferred tax effects of such returns using the asset and liability method. Significant judgments and estimates are required in determining our current and deferred tax assets and liabilities, which reflect our best assessment of the estimated future taxes we will pay. These estimates are updated throughout the year to consider income tax return filings, our geographic mix of earnings, legislative changes and other relevant items.

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts of assets and liabilities and the amounts used for income tax purposes. Deferred tax assets represent items to be used as a tax deduction or credit in future tax returns. Realization of the deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character in either the carryback or carryforward period.

Each quarter we analyze the likelihood that our deferred tax assets will be realized. A valuation allowance is recorded if, based on the weight of all available positive and negative evidence, it is more likely than not (a likelihood of more than 50%) that some portion, or all, of a deferred tax asset will not be realized. A summary of our deferred tax assets is included in Note 10 to our audited consolidated financial statements included elsewhere in this Annual Report.

On an annual basis, we perform a comprehensive analysis of all forms of positive and negative evidence based on year end results. During each interim period, we update our annual analysis for significant changes in the positive and negative evidence.

If we later determine that realization is more likely than not for deferred tax assets with a valuation allowance, the related valuation allowance will be reduced. Conversely, if we determine that it is more likely than not that we will not be able to realize a portion of our deferred tax assets, we will increase the valuation allowance.

We recognize a tax benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained based upon the technical merits of the position. For a tax position that meets the more-likely-than-not recognition threshold, we initially and subsequently measure the income tax benefit as the largest amount that we judge to have a greater than 50% likelihood of being realized. Our liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. Our income tax provision includes the net impact of changes in the liability for unrecognized tax benefits.

We have not filed a tax return yet and therefore have no open tax years. However, our subsidiary, Malibu Boats Holdings, LLC, remains open to examination for years 2011 through 2013 in certain tax jurisdictions. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, we believe our liability for unrecognized tax benefits is adequate.

We consider an issue to be resolved at the earlier of the issue being “effectively settled,” settlement of an examination, or the expiration of the statute of limitations. Upon resolution, unrecognized tax benefits will be reversed as a discrete event.

Our liability for unrecognized tax benefits is generally presented as noncurrent. However, if we anticipate paying cash within one year to settle an uncertain tax position, the liability is presented as current. We classify interest and penalties recognized on the liability for unrecognized tax benefits as income tax expense.

Tax Receivable Agreement

As a result of exchanges of LLC Units into Class A Common Stock and purchases by us of LLC Units from holders of LLC Units, we will become entitled to a proportionate share of the existing tax basis of the assets of the LLC at the time of such exchanges or purchases. In addition, such exchanges or purchases of LLC Units are expected to result in increases in the tax basis of the assets of the LLC that otherwise would not have been available. These increases in tax basis may reduce the amount of tax that we would otherwise be required to pay in the future. These increases in tax basis may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

In connection with the Recapitalization and IPO, we entered into a tax receivable agreement with the pre-IPO owners of the LLC that provides for the payment by us to the pre-IPO owners (or any permitted assignees) of 85% of the amount of the benefits, if any, that we are deemed to realize as a result of (i) increases in tax basis and (ii) certain other tax benefits, including those attributable to payments, under the tax receivable agreement. These payment obligations are our obligations and are not obligations of the LLC. For purposes of the tax receivable agreement, the benefit deemed realized by us will be computed by

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comparing our actual income tax liability (calculated with certain assumptions) to the amount of such taxes that we would have been required to pay had there been no increase to the tax basis of the assets of the LLC as a result of the purchases or exchanges, and had we not entered into the tax receivable agreement.

The timing and/or amount of aggregate payments due under the tax receivable agreement may vary based on a number of factors, including the amount and timing of the taxable income we generate in the future and the tax rate then applicable and amortizable basis.

The term of the tax receivable agreement will continue until all such tax benefits have been utilized or expired, unless we exercise our right to terminate the tax receivable agreement for an amount based on the agreed payments remaining to be made under the agreement. In certain mergers, asset sales or other forms of business combinations or other changes of control, we (or our successor) would owe to the existing owners of the LLC a lump-sum payment equal to the present value of all forecasted future payments that would have otherwise been made under the tax receivable agreement that would be based on certain assumptions, including a deemed exchange of all LLC Units and that we would have had sufficient taxable income to fully utilize the deductions arising from the increased tax basis and other tax benefits related to entering into the tax receivable agreement.

Equity-Based Compensation

On January 6, 2014, our board of directors adopted the Malibu Boats, Inc. Long-Term Incentive Plan, or the Incentive Plan. The Incentive Plan, which became effective on January 1, 2014, reserves for issuance up to 1,700,000 shares of our Class A Common Stock. Incentive stock awards authorized under the plan include stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalent awards and performance awards.

Stock-based compensation expense is accounted for in accordance with the provisions of ASC Topic 718, "Compensation - Stock Compensation". The compensation cost recorded for these awards will be based on their fair value at grant date.

Stock-based compensation attributable to profits interest awards granted to employees pursuant to the LLC’s limited liability company agreement in effect prior to our IPO are also accounted for in accordance with the provisions of ASC Topic 718. The fair value of profits interest awards are based on the value of our LLC Units, which is estimated, on the date of grant, using the Black-Scholes model. These awards are subject to the terms of the applicable agreement governing the profits interest award.

For all time-vesting awards granted, stock-based compensation expense is recognized in the statements of operations and amortized using the straight-line attribution method. For profits interest awards that contain a liquidity condition, which is satisfied upon occurrence of a qualifying event, defined as a change in control transaction, expense recognition will occur at the time of the qualifying event.

We utilize the Black-Scholes model for estimating fair value of our awards granted. Option valuation models, including the Black-Scholes model, require the input of subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award. These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility and the expected life of the award.

Expected volatility rates used for determining the fair value of profits interest awards are based on historical volatility of the common stock of comparable publicly traded entities and other factors, including adjustments for leverage, due to the lack of historic information regarding the LLC. The expected life of profits interest awards is the period of time for which the profits interest awards are expected to be outstanding. Given the lack of historic exercise data, the expected life is determined using the anticipated liquidity event for the awards.

The risk-free interest rates used for determining the fair value of profits interest awards are based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant. We do not anticipate paying any cash dividends in the foreseeable future, therefore, we have assumed an expected dividend rate of zero.

Given the absence of an active market for our equity prior to our IPO, the exercise price of the profits interest awards on the date of grant was determined and approved by the board of directors using several factors, including progress and milestones achieved in our business development and performance, general industry and economic trends. In establishing the estimated fair value of our profits interest awards, we considered the guidance set forth in American Institute of Certified Public Accountants Practice Guide, “Valuation of Privately-Held-Company Equity Securities

Issued as Compensation.”

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The table below sets forth the assumptions used for calculating the value of profits interest awards granted during the fiscal year ended June 2012. No profit interest awards were granted during the fiscal year ended June 30, 2013.

	Fiscal Year Ended June 30, 2012
Dividend yield	0.00%
Expected volatility	75% - 84%
Weighted-average risk-free interest rate	0.53% - 0.65%
Expected term (years)	4.0

On November 1, 2013, the LLC granted profits interest awards to certain members of its management, which were subsequently converted to LLC Units as part of the Recapitalization. The fair value of the awards was calculated using the Probability-Weighted Expected Return Method under which the LLC's enterprise value was estimated at the date of potential future outcomes, such as an initial public offering, strategic sale, or liquidation event. In connection with such estimation, each potential outcome was weighted according to the likelihood of such potential future outcome occurring as of November 1, 2013. These awards will vest in three equal installments on each of September 30, 2014, September 30, 2015 and September 30, 2016.

On June 26, 2014, the vesting period for certain profit interest awards granted to a member of management on November 1, 2013 and previously granted in 2012 were accelerated to vest on the date immediately prior to the completion of the follow-on offering. Refer to Note 12 in our audited consolidated financial statements included elsewhere in this Annual Report.

Repurchase Commitments

In connection with our dealers' wholesale floor plan financing of boats, we have entered into repurchase agreements with various lending institutions. The repurchase commitment is on an individual unit basis with a term from the date it is financed by the lending institution through payment date by the dealer, generally not exceeding two and a half years. Such agreements are customary in the industry and our exposure to loss under such agreements is limited by the resale value of the inventory which is required to be repurchased. No units were repurchased for fiscal years 2014 or 2013.

Product Warranties

We provide a limited warranty for a period of up to three years for our products. Our standard warranties require us or our dealers to repair or replace defective products during the warranty period at no cost to the consumer. We estimate the costs that may be incurred under our basic limited warranty and records as a liability in the amount of such costs at the time the product revenue is recognized. Factors that affect our warranty liability include the number of units sold, historical and anticipated rates of warranty claims, and cost per claim. We periodically assess the adequacy of the recorded warranty liabilities by brand and adjust the amounts as necessary. We utilize historical trends and analytical tools to assist in determining the appropriate warranty liability.

New Accounting Pronouncements

See "Part II, Item 8. Financial Statements and Supplementary Data—Note 1—Organization, Basis of Presentation, and Summary of Significant Accounting Policies—New Accounting Pronouncements."

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial condition through adverse changes in financial market prices and rates and inflation. Changes in these factors could cause fluctuations in our results of operations and cash flows. In the ordinary course of business, we are primarily exposed to interest rate risks. We manage our exposure to these market risks through regular operating and financing activities. In the past, we have also attempted to reduce our market risks through hedging instruments such as interest rate swaps.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm
on Consolidated Financial Statements

To the Board of Directors and Shareholders
Malibu Boats, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Malibu Boats, Inc. and subsidiaries as of June 30, 2014 and 2013, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended June 30, 2014, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Malibu Boats, Inc. and subsidiaries as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years ended June 30, 2014, 2013 and 2012, in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey LLP

Indianapolis, Indiana
September 24, 2014

MALIBU BOATS, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except share data)

	Fiscal Year Ended June 30,		
	2014	2013	2012
Net sales	$190,935	$167,012	$140,892
Cost of sales	140,141	123,412	110,849
Gross profit	50,794	43,600	30,043
Operating expenses:			
Selling and marketing	6,098	4,937	4,071
General and administrative	39,974	14,177	8,307
Amortization	5,177	5,178	5,178
Operating (loss) income	(455)	19,308	12,487
Other income (expense):			
Other	9	10	52
Interest expense	(2,962)	(1,334)	(1,433)
Other expense	(2,953)	(1,324)	(1,381)
Net (loss) income before benefit for income taxes	(3,408)	17,984	11,106
Income tax benefit	(2,220)	—	—
Net (loss) income	$(1,188)	$17,984	$11,106
Net income attributable to non-controlling interest	3,488	17,984	11,106
Net loss attributable to Malibu Boats, Inc.	$(4,676)	$—	$—

	For Period from February 5, 2014 to June 30, 2014
Weighted average shares outstanding used in computing net loss per share:	
Basic	11,055,310
Diluted	11,055,310
Net loss available to Class A Common Stock per share:	
Basic	$(0.42)
Diluted	$(0.42)

The accompanying notes are an integral part of these Consolidated Financial Statements.

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MALIBU BOATS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)

	June 30, 2014	June 30, 2013
Assets		
Current assets		
Cash	$12,173	$15,957
Trade receivables, net	6,475	7,642
Inventories, net	12,890	11,639
Deferred tax asset	500	—
Prepaid expenses	2,272	223
Total current assets	34,310	35,461
Property and equipment, net	10,963	6,648
Goodwill	5,718	5,718
Other intangible assets	12,358	17,535
Debt issuance costs, net	—	531
Deferred tax asset	21,452	—
Other assets	—	34
Total assets	$84,801	$65,927
Liabilities		
Current liabilities		
Current maturities of long-term debt	$—	$3,326
Accounts payable	7,161	11,294
Accrued expenses:		
Compensation	2,164	2,154
Warranties	6,164	5,658
Dealer incentives	2,404	2,709
Legal and professional fees	1,490	361
Litigation	20,000	—
Other	462	3
Income tax and distribution payable	2,121	—
Deferred tax liabilities	995	—
Total current liabilities	42,961	25,505
Deferred gain on sale-leaseback	134	145
Payable pursuant to tax receivable agreement	13,636	—
Long-term debt, less current maturities	—	20,263
Total liabilities	56,731	45,913
Commitments and contingencies (See Note 14)		
Equity		
Class A Common Stock, par value $0.01 per share, 100,000,000 shares authorized; 11,064,201 shares issued and outstanding as of June 30, 2014; none authorized, issued or outstanding as of June 30, 2013	110	—
Class B Common Stock, par value $0.01 per share, 25,000,000 shares authorized; 44 shares issued and outstanding as of June 30, 2014; none authorized, issued or outstanding as of June 30, 2013	—	—
Preferred Stock, par value $0.01 per share; 25,000,000 shares authorized; no shares issued and outstanding as of June 30, 2014; none authorized, issued or outstanding as of June 30, 2013	—	—
Class A Units, no units authorized, issued and outstanding as of June 30, 2014 and 37,000 units authorized, 36,742 units issued and outstanding as of June 30, 2013	—	16,978

Class B Units, no units authorized, issued and outstanding as of June 30, 2014 and 3,885 units authorized, issued and outstanding as of June 30, 2013	—	(2,417)
Class M Units, no units authorized, issued and outstanding as of June 30, 2014 and 2,658 units authorized, 1,421 units issued and outstanding as of June 30, 2013	—	(460)
Additional paid in capital	23,835	—
Accumulated (deficit) earnings	(4,676)	5,913
Total stockholders' equity attributable to Malibu Boats, Inc./members' equity	19,269	20,014
Non-controlling interest	$8,801	$—
Total stockholders'/members' equity	$28,070	$20,014
Total liabilities and equity	$84,801	$65,927

The accompanying notes are an integral part of these Consolidated Financial Statements.

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MALIBU BOATS, INC. AND SUBSIDIARIES
Consolidated Statements of Members’ and Stockholders' Equity
(In thousands, except number of Class B shares)

	Malibu Boats Holdings, LLC									Malibu Boats, Inc.							
	Units									Common Stock							
	LLC Units		Class A Units		Class B Units		Class M Units		Accumulated (Deficit) Earnings	Class A		Class B		Additional Paid In Capital	Non-controlling Interest in LLC	Accumulated Deficit	Total Members/Stockholders' Equity
	Units	Amount	Units	Amount	Units	Amount	Units	Amount		Shares	Amount	Shares	Amount				
Balance at June 30, 2011	—	$ —	37,000	$ 37,000	3,885	$ 526	469	$ 118	$ (23,177)	—	$ —		$ —	$ —	$ —	$ —	$ 14,467
Net income									11,106								11,106
Stock based compensation								132									132
Membership units vested							559										—
Repurchase of vested membership units			(258)	(223)			(113)	(37)									(260)
Balance at June 30, 2012	—		36,742	36,777	3,885	526	915	213	(12,071)	—	—	—	—	—	—	—	25,445
Net income									17,984								17,984
Stock based compensation								127									127
Membership units vested							506										—
Distributions to members				(19,799)		(2,943)		(800)									(23,542)
Balance at June 30, 2013	—		36,742	16,978	3,885	(2,417)	1,421	(460)	5,913	—	—	—	—	—	—	—	20,014
Net income before February 5, 2014									10,448								10,448
Stock based compensation before February 5, 2014								76									76
Membership units vested before February 5, 2014							304										—
Distributions to non-controlling unit holders before February 5, 2014				(55,172)		(6,474)		(2,981)							—		(64,627)
Recapitalization Transactions:																	
										3,412	34			47,732			47,766

Issuance of
Class A
Common Stock
for merger of
entities in
Recapitalization

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Exchange of LLC Units held by selling shareholders for Class A Common Stock upon merger of entities in Recapitalization							(47,766)		(47,766)
Conversion of previous classes of units into LLC units as part of the Recapitalization	11,374	(5)0,(4360,742)	38,(1,98485)	8,8(91,725)	3,365				—
Initial Public Offering Transactions:									
Allocation of non-controlling interest in LLC	(11,374)	50,450			(1)6,361		(52,433)	18,344	—
Issuance of Class A Common Stock for IPO, net of underwriting discounts					7,643	76	99,436		99,512
Issuance of Class B Common Stock						44—			—
Purchase of LLC Units from existing owners of LLC							(29,762)		(29,762)
Increase in payable pursuant to the tax receivable agreement							(13,636)		(13,636)
Increase in deferred tax asset from step-up in tax basis							18,303		18,303
Capitalized offering costs							(1,550)		(1,550)
Stock based compensation							2,501		2,501
Distributions to non-controlling unit holders								(2,583)	(2,583)

Issuance of equity for services							9	—			1,010			1,010
Net loss after February 5, 2014												(6,960)	(4,676)	(11,636)
Balance at June 30, 2014	—	$—	$—	$—	$—	$—	11,064	$110	44	$—	$23,835	$8,801	$(4,676)	$28,070

The accompanying notes are an integral part of these Consolidated Financial Statements.

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MALIBU BOATS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Fiscal Year Ended June 30,		
	2014	2013	2012
Operating activities:			
Net (loss) income	$(1,188)	$17,984	$11,106
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Non-cash compensation expense	2,577	127	132
Non-cash litigation settlement payable	20,000	—	—
Depreciation	1,600	1,090	895
Amortization of intangible assets	5,177	5,178	5,178
Gain on sale-leaseback transaction	(11)	(11)	(11)
Amortization of deferred financing costs	1,583	148	181
Change in fair value of derivative	28	(28)	—
Deferred income taxes	(2,654)	—	—
(Gain) loss on sale of equipment	(9)	—	5
Change in operating assets and liabilities:			
Trade receivables	1,167	(161)	(3,675)
Inventories	(1,251)	(2,516)	944
Prepaid expenses and other assets	(1,332)	(211)	145
Accounts payable	(4,133)	1,441	(1,189)
Accrued expenses	2,098	2,858	1,784
Income taxes payable	113	—	—
Net cash provided by operating activities	23,765	25,899	15,495
Investing activities:			
Purchases of property and equipment	(5,915)	(2,878)	(2,651)
Proceeds from sale of property and equipment	9	—	—
Net cash used in investing activities	(5,906)	(2,878)	(2,651)
Financing activities:			
Principal payments on long-term borrowings	(88,589)	(26,155)	(6,872)
Proceeds from long-term borrowings	65,000	28,500	—
Payment of deferred financing costs	(1,052)	(664)	—
Proceeds from issuance of Class A Common Stock in initial public offering, net of underwriting discounts	99,512	—	—
Purchase of units from existing LLC Unit holders	(29,762)	—	—
Payment of costs directly associated with initial public offering	(1,550)	—	—
Distributions to non-controlling LLC Unit holders	(65,202)	(23,542)	—
Repurchase of member units	—	—	(260)
Net cash used in financing activities	(21,643)	(21,861)	(7,132)
Changes in cash	(3,784)	1,160	5,712
Cash—Beginning of period	15,957	14,797	9,085
Cash—End of period	$12,173	$15,957	$14,797
Supplemental cash flow information:			
Cash paid for interest	$1,383	$1,190	$1,241
Cash paid for income taxes	392	—	—
Non-cash financing activities:			

Initial establishment of deferred tax assets	18,303	—	—
Initial establishment of amounts payable under tax receivable agreements	13,636	—	—
Exchange of LLC Units held by selling shareholders for Class A Common Stock upon merger of entities in Recapitalization	47,766	—	—
Tax distributions payable to non-controlling LLC Unit holders	2,008	—	—
Equity issued for services	1,010	—	—

The accompanying notes are an integral part of these Consolidated Financial Statements.

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MALIBU BOATS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Dollars in thousands, except per unit and per share data)
1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies
Organization
Malibu Boats, Inc. (together with its subsidiaries, the “Company” or "Malibu") was formed as a Delaware corporation on November 1, 2013, as a holding company for the purposes of facilitating an initial public offering of shares of common stock. The Company was not engaged in any business or other activities except in connection with its formation and registration with the Securities and Exchange Commission (“SEC”). Following the Recapitalization and IPO transactions completed on February 5, 2014 (as such terms are defined in Note 2), the Company became the sole managing member of and has a controlling interest in Malibu Boats Holdings, LLC (the "LLC"). As the sole managing member the Company operates and controls all of the LLC's business and affairs and, therefore, pursuant to Accounting Standards Codification (“ASC”) Topic 810, "Consolidation", consolidates the financial results of the LLC and its subsidiaries, and recorded a non-controlling interest for the economic interest in the Company held by the holders of units in the LLC ("LLC Units"). Malibu Boats Holdings, LLC was formed in 2006 with the acquisition by an investor group, including affiliates of Black Canyon Capital LLC, Horizon Holdings, LLC and then-current management. Malibu Boats Holdings, LLC is engaged in the design, engineering, manufacturing and marketing of innovative, high-quality, performance sports boats that are sold through a world-wide network of independent dealers. On June 2, 2014, the Company entered into a non-binding letter of intent to acquire all of the equity interest of the Malibu Boats licensee in Australia. The Australian license business is operated by Malibu Boats Pty Ltd. and includes distribution rights in the Australia and New Zealand markets as well as manufacturing facility in Albury, Australia. The proposed acquisition is expected to close in the first half of fiscal year 2015, subject to negotiation and execution of definitive documentation.
Basis of Presentation
The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). Certain reclassifications have been made to the prior period presentation to conform to the current period presentation. Units and shares are presented as whole numbers while all dollar amounts are presented in thousands, unless otherwise noted.
Principles of Consolidation
The accompanying consolidated financial statements include the operations and accounts of the Company and all subsidiaries thereof. All intercompany balances and transactions have been eliminated upon consolidation.
Non-controlling Interest
The non-controlling interest on the consolidated statement of operations represents the portion of earnings or loss attributable to the economic interest in the Company's subsidiary, Malibu Boats Holdings, LLC, held by the non-controlling LLC Unit holders. Non-controlling interest on the consolidated balance sheet represents the portion of net assets of the Company attributable to the non-controlling LLC Unit holders, based on the portion of the LLC Units owned by such unit holders. As of June 30, 2014, the non-controlling interest was 50.7%.
The balance of the non-controlling interest from the initial public offering date of February 5, 2014 (the "IPO") to June 30, 2014 is as follows (in thousands):

Balance held by the non-controlling LLC unit holders immediately after the IPO	$18,344	
Allocation of loss to the non-controlling LLC unit holders subsequent to the IPO	(6,960	)
Distributions paid and payable to non-controlling LLC unit holders subsequent to IPO	(2,583	)
Balance of non-controlling interest as of June 30, 2014	$8,801	

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the

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date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and such differences could be material.

Certain Significant Risks and Uncertainties

The Company is subject to those risks common in manufacture-driven markets, including, but not limited to, competitive forces, dependence on key personnel, consumer demand for its products, the successful protection of its proprietary technologies, compliance with government regulations and the possibility of not being able to obtain additional financing if and when needed.

Concentration of Credit and Business Risk

A majority of the Company’s sales are made pursuant to floor plan financing programs in which the Company participates on behalf of its dealers through a contingent repurchase agreement with various third-party financing institutions. Under these arrangements, a dealer establishes a line of credit with one or more of these third-party lenders for the purchase of dealer boat inventory. When a dealer purchases and takes delivery of a boat pursuant to a floor plan financing arrangement, it draws against its line of credit and the lender pays the invoice cost of the boat directly to the Company within approximately two weeks. For dealers that use local floor plan financing programs or pay cash, the Company may extend credit without collateral under the dealer agreement based on the Company’s evaluation of the dealer’s credit risk and past payment history. The Company maintains allowances for potential credit losses that it believes are adequate. Refer to Note 1 “Trade Accounts Receivable” for factors considered in determining the Company’s allowance for doubtful accounts.

As of June 30, 2014 (unaudited), the Company’s distribution channel consisted of over 150 independent dealers worldwide. No single dealer accounted for 4.7% or more of the Company’s unit volume for the fiscal years ended June 30, 2014 and 2013. The Company’s top ten dealers represented 34.1% and 36.1% of the Company’s volume for the fiscal years ended June 30, 2014 and 2013, respectively.

Cash

The Company considers all highly liquid investments purchased with an original maturity of 90 days or less to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. As of June 30, 2014 and 2013, no highly liquid investments were held and the entire balance consists of traditional cash.

At June 30, 2014 and 2013, substantially all cash on hand was held by one financial institution. This cash on deposit may be, at times, in excess of insurance limits provided by the FDIC.

Trade Accounts Receivable

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. As of June 30, 2014 and 2013, the allowance for doubtful receivables was $123 and $254, respectively. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. A trade receivable is considered to be past due if any portion of the receivable balance is outstanding beyond customer terms.

Inventories

Inventories are stated at the lower of cost or market, determined on the first in, first out (“FIFO”) basis. Manufacturing cost includes materials, labor and manufacturing overhead. Unallocated overhead and abnormal costs are expensed as incurred.

Capitalization of Offering Costs

Capitalized offering costs are costs directly attributable to the Company's equity offerings. As of June 30, 2014, $644 of costs directly attributable to the follow-on offering completed on July 15, 2014 (the "Follow-on Offering") were capitalized as prepaid assets. Refer to Note 18 for additional information regarding the Follow-on Offering. Upon closing of the Follow-on Offering, these costs were netted against the proceeds and, as such, were reclassified into additional paid in capital.

Property and Equipment

Property and equipment acquired outside of acquisition are stated at cost. When property and equipment is retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting

gain or loss is accounted for in the statement of operations. Major additions are capitalized; maintenance, repairs and minor improvements are charged to operating expenses as incurred if they do not increase the life or productivity of the related

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capitalized asset. Depreciation on leasehold improvements is computed using the straight-line method based on the lesser of the remaining lease term or the estimated useful life and depreciation of equipment is computed using the straight-line method over the estimated useful life as follows:

	Years
Leasehold improvements	Shorter of useful life or lease term
Machinery and equipment	3-5
Furniture and fixtures	3-5

The Company accounts for the impairment and disposition of long-lived assets in accordance with ASC Topic 360, “Property, Plant, and Equipment”. In accordance with ASC Topic 360, long-lived assets to be held are reviewed for events or changes in circumstances that indicate that their carrying value may not be recoverable. The Company periodically reviews for any indicators and, if indicators are present, tests the carrying value of long-lived assets, assessing their net realizable values based on estimated undiscounted cash flows over their remaining estimated useful lives. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment charges were recorded for the fiscal years ended June 30, 2014, 2013 and 2012 in the Company’s consolidated financial statements.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill amounts are not amortized, but rather are evaluated for potential impairment on an annual basis, as of June 30, unless circumstances indicate the need for impairment testing between the annual tests in accordance with the provisions of ASC Topic 350, “Intangibles—Goodwill and Other.” If this assessment indicates the possibility of impairment, the income approach to test for goodwill impairment would be used unless circumstances indicate that a better estimate of fair value was available. Under the income approach, management calculates the fair value of its reporting unit based on the present value of estimated future cash flows. If the fair value of the reporting unit exceeds the carrying value of the net assets including goodwill assigned to that unit, goodwill is not impaired. If the carrying value of the reporting unit’s net assets including goodwill exceeds the fair value of the reporting unit, then management determines the implied fair value of the reporting unit’s goodwill. If the carrying value of the reporting unit’s goodwill exceeds its implied fair value, then the Company would record an impairment loss equal to the difference. The Company did not recognize any goodwill impairment charges in the fiscal years ended June 30, 2014, 2013 and 2012.

Intangible Assets

Intangible assets consist primarily of relationships, product trade names and legal and contractual rights surrounding a patent. These assets are recorded at their estimated fair values at the acquisition dates using the income approach. These assets are being amortized using straight-line method based on their estimated useful lives ranging from eight to 15 years. The estimated useful lives of acquired dealer relationships consider the average length of dealer relationships at the time of acquisition, historical rates of dealer attrition and retention, the Company’s history of renewal and extension of dealer relationships, as well as competitive and economic factors resulting in a range of useful lives. The estimated useful lives of the Company’s product trade names are based on a number of factors including technological obsolescence and the competitive environment. The estimated useful lives of legal and contractual rights are estimated based on the benefits that the patent provides for its remaining terms unless competitive, technological obsolescence or other factors indicate a shorter life.

Management, assisted by third-party valuation specialists, determined the estimated fair values of separately identifiable intangible assets at the date of acquisition under the income approach. Significant data and assumptions used in the valuations included cost, market and income comparisons, discount rates, royalty rates and management forecasts. Discount rates for each intangible asset were selected based on judgment of relative risk and approximate rates of returns investors in the subject assets might require. The royalty rates were developed using weighted average rates, which were based on projected sales and profits of products sold and management’s assessment of the intangibles’ importance to the sales and profitability of the product. Management provided forecasts of financial data

pertaining to assets, liabilities and income statement balances to be utilized in the valuations. While management believes the assumptions, estimates, appraisal methods and ensuing results are appropriate and represent the best evidence of fair value in the circumstances, modification or use of other assumptions or methods could have yielded different results.

The carrying amount of intangible assets are reviewed whenever circumstances arise that indicate the carrying amount of an asset may not be recoverable. The carrying value of these assets is compared to the undiscounted future cash flows the assets are expected to generate. If the asset is considered to be impaired, the carrying value is compared to the fair value and this

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difference is recognized as an impairment loss. There was no impairment loss recognized on intangible assets for the fiscal years ended June 30, 2014, 2013 and 2012.

Income Taxes

Malibu Boats, Inc. is taxed as a C corporation for U.S. income tax purposes and is therefore subject to both federal and state taxation at a corporate level. Following the IPO, the LLC continues to operate in the United States as a partnership for U.S. federal income tax purposes.

The Company files various federal and state tax returns, including some returns that are consolidated with subsidiaries. The Company accounts for the current and deferred tax effects of such returns using the asset and liability method. Significant judgments and estimates are required in determining its current and deferred tax assets and liabilities, which reflect its best assessment of the estimated future taxes the Company will pay. These estimates are updated throughout the year to consider income tax return filings, its geographic mix of earnings, legislative changes and other relevant items.

The Company recognizes deferred tax assets and liabilities based on the differences between the financial statement carrying amounts of assets and liabilities and the amounts used for income tax purposes. Deferred tax assets represent items to be used as a tax deduction or credit in future tax returns. Realization of the deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character in either the carryback or carryforward period.

Each quarter the Company analyzes the likelihood that its deferred tax assets will be realized. A valuation allowance is recorded if, based on the weight of all available positive and negative evidence, it is more likely than not (a likelihood of more than 50%) that some portion, or all, of a deferred tax asset will not be realized. A summary of its deferred tax assets is included in Note 10.

On an annual basis, the Company performs a comprehensive analysis of all forms of positive and negative evidence based on year end results. During each interim period, the Company updates its annual analysis for significant changes in the positive and negative evidence.

If the Company later determines that realization is more likely than not for deferred tax assets with a valuation allowance, the related valuation allowance will be reduced. Conversely, if the Company determines that it is more likely than not that it will not be able to realize a portion of its deferred tax assets, the Company will increase the valuation allowance.

The Company recognizes a tax benefit associated with an uncertain tax position when, in its judgment, it is more likely than not that the position will be sustained based upon the technical merits of the position. For a tax position that meets the more-likely-than-not recognition threshold, the Company initially and subsequently measures the income tax benefit as the largest amount that the Company judges to have a greater than 50% likelihood of being realized. Its liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The Company's income tax provision includes the net impact of changes in the liability for unrecognized tax benefits.

The years open to tax examinations vary by jurisdiction. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, the Company believes its liability for unrecognized tax benefits is adequate.

The Company considers an issue to be resolved at the earlier of the issue being “effectively settled,” settlement of an examination, or the expiration of the statute of limitations. Upon resolution, unrecognized tax benefits will be reversed as a discrete event.

The Company's liability for unrecognized tax benefits is generally presented as noncurrent. However, if the Company anticipates paying cash within one year to settle an uncertain tax position, the liability is presented as current. The Company classifies interest and penalties recognized on the liability for unrecognized tax benefits as income tax expense.

Revenue Recognition

The Company generally manufactures products based on specific orders from dealers and often ships completed products only after receiving credit approval from financial institutions. Revenue is primarily recorded when all of the

following conditions have been met:

- an order for a product has been received;
- a common carrier signs the delivery ticket accepting responsibility for the product; and

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•the product is removed from the Company’s property for delivery.
These conditions are generally met when title passes, which is when boats are shipped to dealers in accordance with shipping terms, which are primarily free on board shipping point.
Dealers generally have no rights to return unsold boats. From time to time, however, the Company may accept returns in limited circumstances and at the Company’s discretion under its warranty policy, which generally limits returns to instances of manufacturing defects. The Company estimates the costs that may be incurred under its basic limited warranty and records as a liability the amount of such costs at the time the product revenue is recognized. The Company may be obligated, in the event of default by a dealer, to accept returns of unsold boats under its repurchase commitment to floor financing providers, who are able to obtain such boats through foreclosure. The Company accrues estimated losses when a loss, due to the default of one of its dealers, is determined to be probable and the amount of the loss is reasonably estimable. Refer to Note 6 and Note 14 related to the Company’s product warranty and repurchase commitment obligations, respectively.
Revenue from boat part sales is recorded as the product is shipped from the Company’s location, which is free on board shipping point.
Revenue associated with sales of materials, parts, boats or engine products sold under the Company’s exclusive manufacturing and distribution agreement with its Australian licensee are recognized under free on board port of disembarkment terms, the point at which the risks of ownership and loss pass to the licensee. The Company also earns royalties from its Australian licensee, which are accrued on a monthly basis based on a percentage of the licensee’s gross sales. Royalties earned are paid to the Company on a quarterly basis.
Revenue associated with sales to the independent representative responsible for international sales is recognized in accordance with free on board shipping point terms, the point at which the risks of ownership and loss pass to the representative. A fixed percentage discount is earned by the independent representative at the time of shipment to the representative as a reduction in the price of the boat and is recorded in our consolidated statement of operations as a reduction in sales.
Delivery Costs
Shipping and freight costs are included in cost of goods sold in the accompanying consolidated statements of operations.
Rebates, Promotions, Floor Financing and Incentives
The Company provides for various structured dealer rebate and sales promotions incentives, which are recognized as a reduction in net sales, at the time of sale to the dealer. Examples of such programs include rebates, seasonal discounts, promotional co-op arrangements and other allowances. Dealer rebates and sales promotion expenses are estimated based on current programs and historical achievement and/or usage rates. Actual results may differ from these estimates if market conditions dictate the need to enhance or reduce sales promotion and incentive programs or if dealer achievement or other items vary from historical trends.
Free floor financing incentives includes payments to the lenders providing floor plan financing to the dealers or directly to the dealers themselves. Free floor financing incentives are estimated at the time of sale to the dealer based on the expected expense to the Company over the term of the free flooring period, ending in April each year, and are recognized as a reduction in sales. The Company accounts for both incentive payments directly to dealers and payment to third party lenders in this manner.
Changes in the Company’s accrual for dealer rebates were as follows:

	As of June 30,	
	2014	2013
Balance at beginning of year	$2,709	$1,801
Add: Additions to dealer rebate incentive provision	4,511	4,261
Less: Dealer rebates paid	(4,816)	(3,353)
Balance at end of year	$2,404	$2,709

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Changes in the Company's accrual for flooring financing were as follows:

	As of June 30,	
	2014	2013
Balance at beginning of year	$—	$—
Add: Additions to flooring provision	2,197	2,413
Less: Flooring paid	(2,197)	(2,413)
Balance at end of year	$—	$—

Accrued Expenses

The Company's accrued expenses primarily consist of estimates for dealer rebates, promotions, floor financing, and incentives (see above), product warranties (refer to Note 6 for more information) and litigation settlement payable (refer to Note 14 for additional information) as well as normal obligations for compensation related costs and legal and professional fees.

Derivative Instruments

The Company follows the guidance set forth in ASC Topic 815, "Derivatives and Hedging," which requires that an entity recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether the derivative is designated as part of a hedge transaction and, if it is, depending on the type of hedge transaction. As of June 30, 2013, the Company had a derivative instrument in the form of an interest rate swap. The interest rate swap was settled in connection with the pay down of all the amounts owed on the credit facilities and term loans with the proceeds from the Company's IPO on February 5, 2014. Refer to Note 8 for additional information.

Fair Value of Financial Instruments

Financial instruments for which the Company did not elect the fair value option include accounts receivable, prepaids and other current assets, short-term credit facilities, accounts payable, accrued expenses and other current liabilities. The carrying amounts of these financial instruments approximate their fair values as a result of their short-term nature or variable interest rates. A variable rate term note issued by the Company was used to extinguish the previously existing fixed rate subordinated debt during 2013. The carrying value of the Company's debt approximated fair value. This term note was subsequently paid off in connection with the Company's IPO on February 5, 2014. See Note 9 for more information.

Fair Value Measurements

The Company applies the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", for fair value measurements of financial assets and financial liabilities, and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements. In addition to the financial assets and liabilities measured on a recurring basis, certain nonfinancial assets and liabilities are to be measured at fair value on a nonrecurring basis in accordance with applicable GAAP. This includes items such as nonfinancial assets and liabilities initially measured at fair value in a business combination (but not measured at fair value in subsequent periods) and nonfinancial long-lived asset groups measured at fair value for an impairment assessment. In general, non-financial assets including goodwill, other intangible assets and property and equipment are measured at fair value when there is an indication of impairment and are recorded at fair value only when any impairment is recognized. See Note 9 for more information.

Equity-Based Compensation

The Company expenses employee share-based awards under ASC Topic 718, "Compensation—Stock Compensation", which requires compensation cost for the grant-date fair value of share-based awards to be recognized over the requisite service period. The Company estimates the grant date fair value of the share-based awards issued in the form of profit interests using the Black-Scholes option pricing model. The fair value of restricted stock unit awards are measured based on the market price of the Company's stock on the grant date. See Note 12 for more information.

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Explanation of Responses:

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(Loss) Earnings Per Share

Basic (loss) earnings per share is computed by dividing net (loss) income attributable to Malibu Boats, Inc. by the weighted average shares outstanding during the period. Diluted (loss) earnings per share is computed by dividing net (loss) income attributable to Malibu Boats, Inc., adjusted as necessary for the impact of potentially dilutive securities, by the weighted-average shares outstanding during the period and the impact of securities that would have a dilutive effect on (loss) earnings per share. See Note 13 for further discussion.

Repurchase Commitments

In connection with its dealers' wholesale floor-plan financing of boats, the Company has entered into repurchase agreements with various lending institutions. The repurchase commitment is on an individual unit basis with a term from the date it is financed by the lending institution through payment date by the dealer, generally not exceeding two and a half years. The total amount financed under the floor financing programs with repurchase obligations was $63,200 and $51,800 at June 30, 2014 and 2013, respectively. Such agreements are customary in the industry and the Company's exposure to loss under such agreements is limited by contractual caps and the resale value of the inventory which is required to be repurchased. No units were repurchased for the fiscal years ended June 30, 2014 and 2013.

Debt Issuance Costs

In July 2013, deferred financing costs of $1,016 were capitalized with the issuance of the new revolving credit facility and term note of Malibu Boats, LLC, a subsidiary of the Company. Unamortized debt issuance costs of $531 associated with the previously existing term note and revolving credit facility were expensed upon extinguishment of the debt. On February 5, 2014, the Company used a portion of the net proceeds from the IPO of Malibu Boats, Inc. to pay down all amounts owed under the existing credit facilities and term loans. Unamortized debt issuance costs of $965 associated with pay down were expensed upon settlement. Refer to Note 2 for further information regarding the IPO. Amortization of deferred financing costs, including those related to the extinguishment of the prior debt, of $1,583 and $148 were recorded for the fiscal years ended June 30, 2014 and 2013, respectively. Unamortized debt issuance costs were $0 and $531 at June 30, 2014 and 2013, respectively. These amounts were classified as other assets, net and were amortized over the term underlying credit agreement into interest expense using the effective interest method. See Note 7 for more information on credit agreement.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses are included in selling and marketing expenses and were not material for fiscal years ended June 30, 2014, 2013 and 2012.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") and International Accounting Standards Board jointly issued a final standard on revenue recognition which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This standard will supersede most current revenue recognition guidance. Under the new standard, entities are required to identify the contract with a customer; identify the separate performance obligations in the contract; determine the transaction price; allocate the transaction price to the separate performance obligations in the contract; and recognize the appropriate amount of revenue when (or as) the entity satisfies each performance obligation. The standard is effective for fiscal years, and the interim periods within those years, beginning on or after January 1, 2017. Entities have the option of using either retrospective transition or a modified approach in applying the new standard. The Company is currently evaluating the approach it will use to apply the new standard and the impact that the adoption of the new standard will have on the Company's consolidated financial statements.

In December 2011 and February 2013, the FASB issued an amendment to the balance sheet topic of the ASC, which requires entities to disclose both gross and net information about both derivatives and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting agreement. The objective of the disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of GAAP and those entities that prepare their financial statements on the basis of International Financial Reporting Standards ("IFRS"). This standard is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. Retrospective presentation for all comparative periods presented is required. The adoption of the standard had no impact on the Company's results of operations or financial condition.

In July 2012, the FASB issued guidance on testing indefinite-lived intangible assets for impairment. Under the guidance, testing the decline in the realizable value (impairment) of indefinite-lived intangible assets other than goodwill has been simplified. The guidance allows an organization the option to first assess qualitative factors to determine whether it is necessary

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to perform the quantitative impairment test. An organization electing to perform a qualitative assessment is no longer required to calculate the fair value of an indefinite-lived intangible asset unless the organization determines, based on a qualitative assessment, that it is more likely than not that the asset is impaired. The guidance is effective for impairment tests for fiscal years beginning after September 15, 2012 and early adoption is permitted. This guidance did not have a material impact on the Company's results of operations or financial condition.

2. Recapitalization and Initial Public Offering

Recapitalization

Immediately prior to the closing of the Company's initial public offering (the "IPO") of Class A Common Stock, par value $0.01 per share ("Class A Common Stock") on February 5, 2014, a new single class of LLC Units of the LLC was allocated among the pre-IPO owners of the LLC in exchange for their prior membership interests of the LLC pursuant to the distribution provisions of the former limited liability company agreement of the LLC based upon the liquidation value of the LLC, assuming it was liquidated at the time of the IPO with a value implied by the IPO price of the shares of Class A Common Stock sold in the IPO. Immediately prior to the closing of the IPO, there were 17,071,424 LLC Units issued and outstanding. In addition, 34 shares of Class B Common Stock were issued, one to each existing LLC Unit holders. Further, on February 4, 2014, prior to the closing of the IPO, two holders of membership interests in the LLC merged with and into two newly formed subsidiaries of Malibu Boats, Inc. As a result of these mergers, the sole stockholders of each of the two merging entities received shares of Class A Common Stock in exchange for shares of capital stock of the merging entities. Also, the Company redeemed for nominal consideration the initial 100 shares of Class A Common Stock issued to the Company's initial stockholder in connection with its formation. The foregoing transactions are referred to as the "Recapitalization."

IPO

On February 5, 2014, the Company completed its IPO of 8,214,285 shares of Class A Common Stock at a price to the public of $14.00 per share for aggregate gross proceeds of $115,000. Of these proceeds, the Company received $99,512 and the selling shareholders received $7,438 after underwriting discounts and commissions of $8,050. Of the shares of Class A Common Stock sold to the public, 7,642,996 shares were issued and sold by the Company and 571,289 shares were sold by selling stockholders. This included 899,252 shares issued and sold by the Company and 172,175 shares sold by selling stockholders pursuant to the over-allotment option granted to the underwriters, which was exercised concurrently with the closing of the IPO.

The Company used $69,750 of the net proceeds from the IPO to purchase LLC Units from the LLC and caused the LLC to use these proceeds (i) to pay down all of the amounts owed under the LLC's credit facilities and term loans in an amount equal to $63,410, (ii) to pay Malibu Boats Investor, LLC, an affiliate of the LLC, a fee of $3,750 upon the consummation of the IPO in connection with the termination of the LLC's management agreement, and (iii) for general corporate purposes with the remaining amount of approximately $2,700. The Company used all of the remaining net proceeds from the IPO, or $29,762, to purchase LLC Units from the existing owners of the LLC at a purchase price equal to the initial public offering price per share of Class A Common Stock in the IPO, after deducting underwriting discounts and commissions. In connection with the repayment of the LLC's credit facilities and term loans, debt issuance costs associated with the term loans were written off to interest expense.

First Amended and Restated Limited Liability Company Agreement

In connection with the Recapitalization and IPO, the Company became the sole managing member of the LLC and, through the LLC, operates the business of the LLC. Accordingly, although the Company acquired a 49.3% economic interest in the LLC immediately following the closing of the IPO, the Company has 100% of the voting power and controls the management of the LLC. Holders of LLC Units generally do not have voting rights under the first amended and restated limited liability company agreement of the LLC, as amended (the "LLC Agreement").

Net profits and net losses of the LLC will generally be allocated to the LLC's members (including the Company) pro rata in accordance with the percentages of their respective limited liability company interests. The LLC Agreement provides for cash distributions to the holders of LLC Units if the Company determines that the taxable income of the LLC will give rise to taxable income for its members. In accordance with the LLC Agreement, the Company intends to cause the LLC to make cash distributions to holders of LLC Units for purposes of funding their tax obligations in respect of the income of the LLC that is allocated to them.

Second Amendment to the First Amended and Restated Limited Liability Company Agreement

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On June 27, 2014, the Company, the managing member of the LLC, entered into a Second Amendment (the “Second Amendment”) to the LLC Agreement. The Second Amendment to the LLC Agreement amends the LLC Agreement by (i) providing that the schedule of members will be maintained at the Company’s principal executive offices, (ii) modifying the notice provisions related to registered offerings of Class A Common Stock, and (iii) modifying the term of the holdback period related to underwritten offerings of the Company’s securities.

Voting Agreement

In connection with the Recapitalization and IPO, the Company entered into a voting agreement (the “Voting Agreement”) with certain affiliates. Under the Voting Agreement, Black Canyon Management LLC is entitled to nominate to the Company’s board of directors a number of designees equal to (i) 20% of the total number of directors comprising the Company’s board of directors for so long as specified entities affiliated with Black Canyon Management LLC (and their permitted transferees) and Jack Springer, Wayne Wilson and Ritchie Anderson, together, beneficially own 15% or more of the voting power of the shares of Class A Common Stock and Class B Common Stock, par value $0.01 per share ("Class B Common Stock") entitled to vote generally in the election of directors, voting together as a single class, and (ii) 10% of the total number of directors comprising the Company’s board of directors for so long as specified entities affiliated with Black Canyon Management LLC (and their permitted transferees) and Messrs. Springer, Wilson and Anderson, together, beneficially own more than 5% but less than 15% of the voting power of the shares of Class A Common Stock and Class B Common Stock entitled to vote generally in the election of directors, voting together as a single class. For purposes of calculating the number of directors that Black Canyon Management LLC is entitled to nominate pursuant to this formula, any fractional amounts would be rounded up to the nearest whole number and the calculation would be made on a pro forma basis, taking into account any increase in the size of the board of directors (e.g., one and one-third (1) directors equates to two directors). In addition, Black Canyon Management LLC has the right to remove and replace its director-designees at any time and for any reason and to nominate any individual(s) to fill any such vacancies. Messrs. Springer, Wilson and Anderson are required to vote any of their LLC Units in favor of the director or directors nominated by Black Canyon Management LLC.

Exchange Agreement

In connection with the Recapitalization and IPO, the Company entered into an exchange agreement (the “Exchange Agreement”) with the pre-IPO owners of the LLC, several of whom are directors and/or officers of the Company. Under the Exchange Agreement, each pre-IPO owner of the LLC (and certain permitted transferees thereof) has the right to exchange its LLC Units for shares of Class A Common Stock of the Company on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications, or at the Company's option, except in the event of a change in control, for a cash payment equal to the market value of the Class A Common Stock. Notwithstanding the foregoing, within the 180-day period following the closing of the IPO, a holder of LLC Units may only exchange those LLC Units for Class A Common Stock if such holder executed a lock-up agreement. The Exchange Agreement provides, however, that such exchanges must be for a minimum of the lesser of 1,000 LLC Units, all of the LLC Units held by the holder, or such amount as we determine to be acceptable. Further, the Exchange Agreement provides that LLC members do not have the right to exchange LLC Units if the Company determines that such exchange would be prohibited by law or regulation or would violate other agreements with the Company to which the LLC member may be subject or any of the Company's written policies related to unlawful or insider trading. The Exchange Agreement also provides that the Company may impose additional restrictions on exchanges that it determines to be necessary or advisable so that the LLC is not treated as a “publicly traded partnership” for U.S. federal income tax purposes. In addition, pursuant to the LLC Agreement, the Company as managing member of the LLC, has the right to require all members of the LLC to exchange their LLC Units for Class A Common Stock in accordance with the terms of the Exchange Agreement, subject to the consent of Black Canyon Management LLC and the holders of a majority of outstanding LLC Units other than those held by the Company.

Registration Rights Agreement

In connection with the Recapitalization and IPO, the Company entered into a registration rights agreement (the “Registration Rights Agreement”) with Black Canyon Management LLC and certain affiliates of Black Canyon Capital LLC pursuant to which Black Canyon Management LLC may request registration or inclusion of shares of Class A

Common Stock held by affiliates of Black Canyon Capital LLC in any registration of Class A Common Stock in compliance with the Securities Act of 1933, as amended. In addition, the Registration Rights Agreement provides that, as soon as practicable following the one-year anniversary of the closing of the IPO, the Company is required to use all reasonable efforts to cause a resale shelf registration statement to become effective and remain effective until the eighth anniversary of the closing of the IPO. The Registration Rights Agreement will remain in effect until (i) the eighth anniversary of the IPO or (ii) termination of the Registration Rights Agreement by both (a) Black Canyon Management LLC and (b) holders owning two-thirds of the outstanding LLC Units covered by the Registration Rights Agreement. In addition, the LLC Agreement permits members that own securities that the Company proposes or is required to register with the SEC, pursuant to the Registration Rights

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Agreement or otherwise, the right to include their securities in such registration, subject to the limitations set forth in the LLC Agreement.

First Amendment to the Registration Rights Agreement

On June 27, 2014, the Company, Black Canyon Management LLC and affiliates of Black Canyon Capital LLC entered into the First Amendment (the “First Amendment”) to the Registration Rights Agreement. The First Amendment to the Registration Rights Agreement amends the Registration Rights Agreement by (i) modifying the notice provisions related to registered offerings of the Company’s Class A Common Stock and (ii) modifying the term of the holdback period related to underwritten offerings of the Company’s securities.

Tax Receivable Agreement

As a result of exchanges of LLC Units into Class A Common Stock and purchases by the Company of LLC Units from holders of LLC Units, the Company will become entitled to a proportionate share of the existing tax basis of the assets of the LLC at the time of such exchanges or purchases. In addition, such exchanges and purchases of LLC Units are expected to result in increases in the tax basis of the assets of the LLC that otherwise would not have been available. These increases in tax basis may reduce the amount of tax that the Company would otherwise be required to pay in the future. These increases in tax basis may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

In connection with the Recapitalization and IPO, the Company entered into a tax receivable agreement (the “Tax Receivable Agreement”) with the pre-IPO owners of the LLC that provides for the payment by the Company to the pre-IPO owners (or their permitted assignees) of 85% of the amount of the benefits, if any, that the Company is deemed to realize as a result of (i) increases in tax basis and (ii) certain other tax benefits related to the Company entering into the Tax Receivable Agreement, including those attributable to payments under the Tax Receivable Agreement. These payment obligations are obligations of the Company and not of the LLC. For purposes of the Tax Receivable Agreement, the benefit deemed realized by the Company will be computed by comparing the actual income tax liability of the Company (calculated with certain assumptions) to the amount of such taxes that the Company would have been required to pay had there been no increase to the tax basis of the assets of the LLC as a result of the purchases or exchanges, and had the Company not entered into the Tax Receivable Agreement.

The Tax Receivable Agreement further provides that, upon certain mergers, asset sales or other forms of business combinations or other changes of control, the Company (or its successor) would owe to the pre-IPO owners of the LLC a lump-sum payment equal to the present value of all forecasted future payments that would have otherwise been made under the Tax Receivable Agreement that would be based on certain assumptions, including a deemed exchange of LLC Units and that the Company would have sufficient taxable income to fully utilize the deductions arising from the increased tax basis and other tax benefits related to entering into the Tax Receivable Agreement. The Company also is entitled to terminate the Tax Receivable Agreement, which, if terminated, would obligate the Company to make early termination payments to the pre-IPO owners of the LLC. In addition, a pre-IPO owner may elect to unilaterally terminate the Tax Receivable Agreement with respect to such pre-IPO owner, which would obligate the Company to pay to such existing owner certain payments for tax benefits received through the taxable year of the election.

Effects of the Recapitalization and IPO

As a result of the Recapitalization and the IPO, immediately after the IPO:

- Investors in the IPO collectively owned 8,214,285 shares of Class A Common Stock;
- The two selling stockholders in the IPO, who were former holders of LLC Units, continued to collectively own 2,840,545 shares of Class A Common Stock;
- The Company owned 11,054,830 LLC Units, representing 49.3% of the economic interest in the LLC;
- Pre-IPO owners of the LLC collectively owned 11,373,737 LLC Units, representing 50.7% of the economic interest in the LLC;
- Investors in the IPO collectively had 36.6% of the voting power in the Company;
- The two selling stockholders in the IPO who were former holders of LLC Units, continued to collectively have 12.7% of the voting power in the Company; and

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- Pre-IPO owners of the LLC, through their holdings of the Company's Class B Common Stock, collectively had 50.7% of the voting power in the Company, but not an economic interest in the Company.

The Company accounted for the Recapitalization as a non-substantive transaction in a manner similar to a transaction between entities under common control pursuant to ASC 805, "Business Combinations". Accordingly, after the Recapitalization, the assets and liabilities of the Company are reflected at their carryover basis. The acquisition of LLC units from the LLC Unit holders is accounted for under the general guidance of ASC Topic 810, "Consolidation", and ASC Topic 740, "Income Taxes", for transactions with noncontrolling shareholders, which states that the direct tax effects of a transaction with noncontrolling parties should be accounted for within equity.

Capitalization of Offering Costs

Capitalized offering costs include costs directly attributable to the IPO. Prior to the IPO, we had capitalized approximately $1,550 of offering costs as prepaid assets. Upon closing of the IPO on February 5, 2014, these costs were netted against the proceeds of the IPO and, as such, were reclassified into additional paid in capital.

3. Inventories

Inventories, net consisted of the following:

	As of June 30, 2014	As of June 30, 2013
Raw materials	$9,786	$7,796
Work in progress	1,428	1,148
Finished goods	2,440	3,151
Inventory obsolescence reserve	(764)	(456)
Net inventory	$12,890	$11,639

4. Property and Equipment

Property and equipment, net consisted of the following:

	As of June 30, 2014	As of June 30, 2013
Land	$254	$254
Leasehold improvements	2,039	1,604
Machinery and equipment	11,257	7,320
Furniture and fixtures	1,544	1,379
Construction in process	2,987	1,683
	18,081	12,240
Less accumulated depreciation	(7,118)	(5,592)
	$10,963	$6,648

Depreciation expense was $1,600, $1,090 and $895 for the fiscal years ended June 30, 2014, 2013 and 2012, respectively, substantially all of which was recorded in cost of goods sold.

Sale-Leaseback Transaction

In March 2008, the Company sold its two primary manufacturing and office facilities for a total of $18,250, which resulted in a gain of $726. Expenses incurred related to the sale were $523. Simultaneous with the sale, the Company entered into an agreement to lease back the buildings for an initial term of 20 years. The net gain on this transaction of $203 has been deferred and is being amortized over the initial lease term. For each of the fiscal years ended June 30, 2014, 2013 and 2012, $11 of the realized gain was recognized.

5. Goodwill and Other Intangible Assets

The Company's intangible assets and goodwill consisted of the following:

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	As of June 30, 2014			
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Useful Life
Definite-lived intangibles:				
Dealer relationships	$27,392	$(27,106)	$286	8 years
Patent	1,386	(915)	471	12 years
Trade name	24,567	(12,966)	11,601	15 years
Total definite-lived intangibles	53,345	(40,987)	12,358	
Goodwill	5,718	—	5,718	
Total intangible assets and goodwill	$59,063	$(40,987)	$18,076	

	As of June 30, 2013			
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Useful Life
Definite-lived intangibles:				
Dealer relationships	$27,392	$(23,683)	$3,709	8 years
Patent	1,386	(799)	587	12 years
Trade name	24,567	(11,328)	13,239	15 years
Total definite-lived intangibles	53,345	(35,810)	17,535	
Goodwill	5,718	—	5,718	
Total intangible assets and goodwill	$59,063	$(35,810)	$23,253	

Amortization expense recognized on all amortizable intangibles was $5,177, $5,178 and $5,178 for the fiscal years ended June 30, 2014, 2013 and 2012, respectively. As of June 30, 2014, the weighted average remaining useful lives for dealer relationships were 0.1 years, the weighted average remaining useful lives for patents were 4.1 years and the weighted average remaining useful lives for trade names were 7.1 years.

Estimated future amortization expenses as of June 30, 2014 are as follows:

Fiscal Year	As of June 30, 2014
2015	$2,039
2016	1,753
2017	1,753
2018	1,753
2019	1,647
Thereafter	3,413
	$12,358

6. Product Warranties

The Company provides a limited warranty for a period of up to three years for its products. The Company's standard warranties require the Company or its dealers to repair or replace defective products during such warranty period at no cost to the consumer. The Company estimates the costs that may be incurred under its basic limited warranty and records as a liability in the amount of such costs at the time the product revenue is recognized. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims and cost per claim. The Company assesses the adequacy of its recorded warranty liabilities by brand on a quarterly basis and adjusts the amounts as necessary. The Company utilizes historical trends and analytical tools to assist in determining the appropriate warranty liability.

Changes in the Company's product warranty liability were as follows:

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	As of June 30, 2014	As of June 30, 2013
Balance at beginning of year	$5,658	$3,863
Add: Additions to warranty provision	2,907	3,756
Less: Warranty claims paid	(2,401)	(1,961)
Balance at end of year	$6,164	$5,658

7. Financing

Outstanding debt consisted of the following:

	As of June 30, 2014	As of June 30, 2013
Short-term debt		
Notes payable—equipment	$—	$76
Current maturities of long-term debt	—	3,250
Long-term debt		
Notes payable—equipment	—	—
Term loan	—	—
Previous term loan	—	20,263
	—	23,589
Less current maturities	—	(3,326)
Total debt less current maturities	$—	$20,263

Short-Term Debt

On March 31, 2011, the Company issued a promissory note to General Electric Capital Corporation in connection with the lease of production equipment for its manufacturing facility. Under the terms of the promissory note, payments of principal and interest were due in monthly installments with a final payment due in May 2014. As of June 30, 2014, the promissory note was paid in full.

Long-Term Debt

New Revolving Line of Credit and Term Loan. On July 16, 2013, Malibu Boats, LLC entered into a credit agreement with a syndicate of banks led by SunTrust Bank that included a revolving credit facility and term loan (the "Credit Agreement"). The proceeds from the Credit Agreement were used to repay the previously existing revolving credit facility and term loan with the same bank. The obligations of Malibu Boats LLC under the credit agreement are currently guaranteed by its parent, Malibu Boats Holdings, LLC, and its subsidiary, Malibu Boats Domestic International Sales Corp. Malibu Boats, Inc. is not a party to the credit agreement. The lending arrangements are required to be guaranteed by the LLC and the present and future domestic subsidiaries of Malibu Boats, LLC and are secured by substantially all of the assets of the LLC, Malibu Boats, LLC and Malibu Domestic International Sales Corp., and those of any future domestic subsidiary pursuant to a security agreement. The revolving credit facility and term loan mature on July 16, 2018.

The Credit Agreement is comprised of a $10,000 revolving commitment, none of which was outstanding as of June 30, 2014, and a $65,000 term loan, which was repaid in full with the proceeds of the IPO. Borrowings under the Credit Agreement bear interest at the Company's option of Bank Prime or London Interbank Offered Rate ("LIBOR") plus the applicable margin, as defined in the Credit Agreement.

The Company also has a swingline line of credit from SunTrust Bank in the principal amount of up to $2,000 due on or before July 16, 2018. Any amounts drawn under the swingline line of credit reduce the capacity under the revolving credit facility. As of June 30, 2014, the Company had no outstanding balance under the swingline facility.

Under the Credit Agreement, the Company has the ability to issue letters of credit up to $3,000, none of which was outstanding as of June 30, 2014. This letter of credit availability may be reduced by borrowings under the revolving line of credit. The Company's access to these letters of credit expires July 16, 2018 with the expiration of access to the revolving commitment.

The credit agreement permits prepayment without any penalties. It contains certain customary representations and warranties, and notice requirements for the occurrence of specific events such as pending or threatened labor disputes, litigation or judgments over a certain amount. The credit agreement requires compliance with certain financial covenants that we believe

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are usual for facilities and transactions of this type, including a minimum ratio of EBITDA to fixed charges and a maximum ratio of total debt to EBITDA. The credit agreement also contains certain restrictive covenants, which, among other things, place limits on our activities and those of our subsidiaries, the incurrence of additional indebtedness and additional liens on property and limit the future payment of dividends or distributions. For example, the credit agreement generally prohibits the LLC, Malibu Boats, LLC and Malibu Domestic International Sales Corp. from paying dividends or making distributions, including to Malibu Boats, Inc. The credit agreement permits, however, distributions based on a member's allocated taxable income, distributions to fund payments that are required under the tax receivable agreement, payments pursuant to stock option and other benefit plans up to $2.0 million in any fiscal year, dividends and distributions within the loan parties and dividends payable solely in interests of classes of securities. In addition, after June 30, 2014, the LLC may make dividends and distributions of up to $4.0 million in any fiscal year, subject to compliance with other financial covenants. The credit agreement specifies permitted liens, permitted investments and permitted debt. Affirmative covenants governing the timing of monthly, quarterly and annual financial reporting are also included in the credit agreement. For the fiscal years ended June 30, 2014 and 2013, the Company was in compliance with financial covenants contained in the Credit Agreement (unaudited).

On February 5, 2014, the Company used a portion of the net proceeds from the IPO of Malibu Boats, Inc. to pay down all of the amounts owed under its credit facilities and term loans in an amount equal to $63,410. Refer to Note 2 for further information regarding the IPO.

Previous Revolving Line of Credit and Term Loan. On July 11, 2012, Malibu Boats, LLC entered into a revolving credit and term loan agreement with SunTrust Bank comprised of a $5,000 revolving commitment, none of which was outstanding as of June 30, 2013, and a $28,500 term loan commitment, $23,513 of which was outstanding as of June 30, 2013. The revolving credit facility and term loan were collateralized by substantially all of the Company's assets. The proceeds from this revolving line of credit and term loan agreement were used to repay previously existing term and revolving loans. Borrowings against the revolving line of credit bore interest at the Company's option of Bank Prime or LIBOR plus the applicable margin, as defined in the agreement. The Company had the ability to issue letters of credit under this agreement up to $3,000. At June 30, 2013, the effective rate on the previous revolving and term loan commitments were 6.5% and 3.94%, respectively.

8. Derivative Instrument

On August 2, 2012, the Company entered into an interest rate swap with a notional value of $14,250 which was entered into to hedge the variable rate interest payments on half of the long-term debt entered into during July 2012. Under the swap, the Company paid interest on a quarterly basis at a fixed rate of 0.61% and received interest at a variable rate equal to one-month LIBOR. The notional amount of the swap reduced as mandatory debt principal payments under the Company's July 2012 credit agreement were scheduled to amortize. The interest rate swap expires on June 30, 2017. Because management had not designated the swap as a hedge, the Company recorded the changes in fair value of the swap of $0 and $28 for the fiscal years ended June 30, 2014 and 2013, respectively, in interest expense. The interest rate swap was settled in connection with the pay down of all the amounts owed on the credit facilities and term loans discussed in Note 7 above.

9. Fair Value Measurements

In determining the fair value of certain assets and liabilities, the Company employs a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. As defined in ASC Topic 820, "Fair Value Measurements and Disclosures," fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., the exit price). Financial assets and financial liabilities recorded on the consolidated balance sheets at fair value are categorized based on the reliability of inputs to the valuation techniques as follows:

- Level 1—Financial assets and financial liabilities whose values are based on unadjusted quoted prices in active markets for identical assets.
- Level 2—Financial assets and financial liabilities whose values are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in non-active markets; or valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.
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Level 3—Financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the financial assets and financial liabilities.

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The hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Assets and liabilities that had recurring fair value measurements were as follows:

	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As of June 30, 2014:				
Cash	$12,173	$12,173	$—	$—
Derivative instrument	—	—	—	—
Total assets at fair value	$12,173	$12,173	$—	$—
As of June 30, 2013:				
Cash	$15,957	$15,957	$—	$—
Derivative instrument	28	—	28	—
Total assets at fair value	$15,985	$15,957	$28	$—

Fair value measurements for the Company's cash is classified under Level 1 because such measurements are based on quoted market prices in active markets for identical assets. Fair value measurements of the Company's interest rate swap are classified under Level 2 because such measurements are based on significant other observable inputs. There were no transfers of assets or liabilities between Level 1 and Level 2 as of June 30, 2014 or 2013, respectively.

The Company's nonfinancial assets and liabilities that have nonrecurring fair value measurements include property, plant and equipment, goodwill and intangibles.

In assessing the need for goodwill impairment, management relies on a number of factors, including operating results, business plans, economic projections, anticipated future cash flows, transactions and marketplace data. Accordingly, these fair value measurements fall in Level 3 of the fair value hierarchy. The Company generally uses projected cash flows, discounted as necessary, to estimate the fair values of property, plant and equipment and intangibles using key inputs such as management's projections of cash flows on a held-and-used basis (if applicable), management's projections of cash flows upon disposition and discount rates. Accordingly, these fair value measurements fall in Level 3 of the fair value hierarchy. These assets and certain liabilities are measured at fair value on a nonrecurring basis as part of the Company's impairment assessments and as circumstances require.

There were no impairments recorded in connection with tangible and intangible long-lived assets for the fiscal years ended June 30, 2014, 2013 or 2012, respectively.

10. Income Taxes

In accordance with ASC Topic 740, "Income Taxes", income taxes are recognized for the amount of taxes payable for the current year and for the impact of deferred tax liabilities and assets, which represent future tax consequences of events that have been recognized differently in the financial statements than for tax purposes. Deferred tax assets and liabilities are established using the enacted statutory tax rates and are adjusted for any changes in such rates in the period of change. Malibu Boats, Inc. is taxed as a C Corporation, which is subject to both federal and state taxation at a corporate level. Therefore, tax expense and deferred tax assets and liabilities reflect such status.

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The components of provision for (benefit from) income taxes are as follows:

	Fiscal Year Ended June 30, 2014	
Current tax expense:		
Federal	$44	
State	376	
Foreign	14	
Total Current	434	
Deferred tax benefit:		
Federal	(2,066	)
State	(588	)
Foreign	—	
Total Deferred	(2,654	)
Income tax benefit	$(2,220	)

The income tax benefit differs from the amount computed by applying the federal statutory income tax rate to income from continuing operations before income taxes. The sources and tax effects of the differences are as follows:

	Fiscal Year Ended June 30, 2014	
Federal tax provision at statutory rate	35.0	%
State income taxes, net of federal benefit	5.5	
Permanent differences attributable to partnership investment	(9.9	)
Non-controlling interest	36.5	
Other, net	(1.9	)
Total income tax expense on continuing operations	65.2	%

The Company’s effective tax rate includes a rate benefit attributable to the fact that the Company’s subsidiary operated as a limited liability company which was not subject to federal income tax. Accordingly, the portion of the Company’s subsidiary earnings attributable to the non-controlling interest are subject to tax when reported as a component of the non-controlling interests’ taxable income.

The components of the Company's net deferred income tax assets and liabilities at June 30, 2014 are as follows:

	As of June 30, 2014
Deferred tax assets:	
Litigation accrual	$500
Partnership basis differences	21,452
Total deferred tax assets	21,952
Deferred tax liabilities:	
Income tax deferral due to fiscal year end	995
Total deferred tax liabilities	995
Less valuation allowance	—
Total net deferred tax assets	$20,957

In connection with completion of the Company's IPO on February, 5, 2014, the Company recorded deferred tax assets of $18,303 associated with basis differences in assets upon acquiring an interest in Malibu Boats Holdings, LLC and in anticipation of making a Section 754 election. The Company also recorded $13,636 in Tax Receivable Agreement liabilities representing 85% of the tax savings that the Company will receive in connection with the Section 754 election. The Company recorded a corresponding reduction to paid-in capital for the difference between the Tax Receivable Agreement liability and the related deferred tax asset.

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On an annual basis, the Company performs a comprehensive analysis of all forms of positive and negative evidence to determine whether realizability of deferred tax assets is more likely than not. During each interim period, the Company updates its annual analysis for significant changes in the positive and negative evidence. At June 30, 2014, the Company concluded that no valuation allowance against deferred tax assets was necessary.
Unrecognized tax benefits are discussed in the Company's accounting policy for income taxes (refer to Note 1, Organization, Basis of Presentation, and Summary of Significant Accounting Policies - Income Taxes). As of June 30, 2014, there was no liability for unrecognized tax benefits. Tax years 2011 through 2013 for the Company's subsidiary, Malibu Boats Holdings, LLC, remain open to examination in certain tax jurisdictions. The Company has not yet filed a tax return and therefore has no open tax years.
11. Stockholder’s Equity
The Company is authorized to issue 150,000,000 shares of capital stock, consisting of 100,000,000 shares of Class A Common Stock, 25,000,000 shares of Class B Common Stock, and 25,000,000 shares of Preferred Stock, par value $0.01 per share. On November 1, 2013, the Company issued 100 shares of Class A Common Stock in exchange for $10.00, all of which were held by BC-Malibu Boats GP, an affiliate of Black Canyon Capital LLC, in connection with formation of Malibu Boats, Inc. These shares were subsequently redeemed for nominal consideration in connection with the Recapitalization.
As discussed in Note 2, on February 5, 2014, the Company completed its IPO of 8,214,285 shares of Class A Common Stock at a price to the public of $14.00 per share. Immediately prior to the IPO, on February 4, 2014, two holders of membership interests in the LLC merged with and into two newly-formed subsidiaries of the Company. As a result of these mergers, the sole stockholders of each of the two merging entities received an aggregate 2,840,545 shares of Class A Common Stock in exchange for shares of capital stock of the merging entities. A total of 34 shares of Class B Common Stock (one to each pre-IPO LLC Unit holder) were issued to pre-IPO LLC Unit holders in connection with the Recapitalization.
In May 2014, in connection with transfers of membership units of the LLC by certain members to various individuals and entities (the “New LLC Members”), the Company issued a total of 10 additional shares of its Class B Common Stock to the New LLC Members for nominal consideration. As of June 30, 2014, the Company had a total of 44 shares of its Class B Common Stock issued and outstanding.
On July 15, 2014, the Company completed its Follow-on Offering issuing 5,520,000 shares of Class A Common Stock. Refer to Note 18 for more information regarding Follow-on Offering.
Class A Common Stock and Class B Common Stock
Voting Rights
Holders of Class A Common Stock and Class B Common Stock will have voting power over Malibu Boats, Inc., the sole managing member of the LLC, at a level that is consistent with their overall equity ownership of the Company's business. Pursuant to the Company's certificate of incorporation and bylaws, each share of Class A Common Stock entitles the holder to one vote with respect to each matter presented to the Company's stockholders on which the holders of Class A Common Stock are entitled to vote. Each holder of Class B Common Stock shall be entitled to the number of votes equal to the total number of LLC Units held by such holder multiplied by the exchange rate specified in the Exchange Agreement with respect to each matter presented to the Company's stockholders on which the holders of Class B Common Stock are entitled to vote. Accordingly, the holders of LLC Units collectively have a number of votes that is equal to the aggregate number of LLC Units that they hold. Subject to any rights that may be applicable to any then outstanding preferred stock, the Company's Class A and Class B Common Stock vote as a single class on all matters presented to the Company's stockholders for their vote or approval, except as otherwise provided in the Company's certificate of incorporation or bylaws or required by applicable law. Holders of the Company's Class A and Class B Common Stock do not have cumulative voting rights. Except in respect of matters relating to the election and removal of directors on the Company's board of directors and as otherwise provided in the Company's certificate of incorporation, the Company's bylaws, or as required by law, all matters to be voted on by the Company's stockholders must be approved by a majority of the shares present in person or by proxy at the meeting and entitled to vote on the subject matter.
Dividends

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of the Company's Class A Common Stock will be entitled to share equally, identically and ratably in any dividends that the board of directors may determine to issue from time to time. Holders of the Company's Class B Common Stock do not have any right to receive dividends.

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Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs, holders of the Company's Class A Common Stock would be entitled to share ratably in the Company's assets that are legally available for distribution to stockholders after payment of its debts and other liabilities. If the Company has any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distribution and/or liquidation preferences. In either such case, the Company must pay the applicable distribution to the holders of its preferred stock before it may pay distributions to the holders of its Class A Common Stock. Holders of the Company Class B Common Stock do not have any right to receive a distribution upon a voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs.

Other Rights

Holders of the Company's Class A Common Stock will have no preemptive, conversion or other rights to subscribe for additional shares. The rights, preferences and privileges of the holders of the Company's Class A Common Stock will be subject to, and may be adversely affected by, the rights of the holders of shares of any series of the Company's preferred stock that the Company may designate and issue in the future.

Preferred Stock

Though the Company currently has no plans to issue any shares of preferred stock, its board of directors has the authority, without further action by the Company's stockholders, to designate and issue up to 25,000,000 shares of preferred stock in one or more series. The Company's board of directors may also designate the rights, preferences and privileges of the holders of each such series of preferred stock, any or all of which may be greater than or senior to those granted to the holders of common stock. Though the actual effect of any such issuance on the rights of the holders of common stock will not be known until the Company's board of directors determines the specific rights of the holders of preferred stock, the potential effects of such an issuance include:

- diluting the voting power of the holders of common stock;
- reducing the likelihood that holders of common stock will receive dividend payments;
- reducing the likelihood that holders of common stock will receive payments in the event of the Company's liquidation, dissolution, or winding up; and
- delaying, deterring or preventing a change-in-control or other corporate takeover.

LLC Units

In connection with the Recapitalization, the LLC Agreement was amended and restated to, among other things; modify its capital structure by replacing the different classes of interests previously held by the LLC unit holders to a single new class of units called “LLC Units.” As a result of the Recapitalization and IPO, the Company holds LLC Units in the LLC and is the sole managing member of the LLC. Holders of LLC Units do not have voting rights under the LLC Agreement.

Further, the LLC and the pre-IPO owners entered into the Exchange Agreement under which (subject to the terms of the Exchange Agreement) they have the right to exchange their LLC Units for shares of the Company's Class A Common Stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications, or at the Company's option, except in the event of a change in control, for a cash payment equal to the market value of the Class A Common Stock. As of June 30, 2014, non-controlling LLC Unit holders held 11,373,737 LLC Units, representing 50.7% of the economic interest in the LLC. As discussed in Note 2, net profits and net losses of the LLC will generally be allocated to the LLC’s members (including the Company) pro rata in accordance with the percentages of their respective limited liability company interests. The LLC Agreement provides for cash distributions to the holders of LLC Units if the Company determines that the taxable income of the LLC will give rise to taxable income for its members. In accordance with the LLC Agreement, the Company intends to cause the LLC to make cash distributions to holders of LLC Units for purposes of funding their tax obligations in respect of the income of the LLC that is allocated to them.

On July 15, 2014, the Company completed its Follow-on Offering. As a result, the Company held 15,426,723 LLC Units, representing a 68.8% economic interest in the LLC, while non-controlling LLC Unit holders held 7,001,844 LLC Units, representing a 31.2% interest in the LLC. Refer to Note 18 for more information regarding the Follow-on Offering.

12. Stock-Based Compensation
Equity Awards Issued Under the Malibu Boats, Inc. Long-Term Incentive Plan

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On January 6, 2014, the Company's Board of Directors adopted the Malibu Boats, Inc. Long-Term Incentive Plan (the "Incentive Plan"). The Incentive Plan, which became effective on January 1, 2014, reserves for issuance up to 1,700 shares of Malibu Boats, Inc. Class A Common Stock for the Company's employees, consultants, members of its board of directors and other independent contractors at the discretion of the compensation committee. Incentive stock awards authorized under the Incentive Plan including unrestricted shares of Class A Common Stock, stock options, SARs, restricted stock, restricted stock units, dividend equivalent awards and performance awards.
On June 27, 2014, the Company granted 46 restricted stock unit awards to key employees under the Incentive Plan with a grant date fair value of $20.03 per unit. Under the terms of the agreements, the awards will vest 25% ratably on each anniversary of their grant date. Stock-based compensation expense attributable to these restricted stock units is amortized on a straight-line basis over the requisite service period. As of June 30, 2014, the weighted-average years non-vested for these awards was approximately 4.0 years.
The Company's non-employee directors receive an annual retainer for their services as directors consisting of both a cash retainer and equity awards in the form of Class A Common Stock or restricted stock units. Directors may elect that their cash annual retainer be converted into either fully vested shares of Class A Common Stock or restricted stock units paid on a deferral basis. Equity awards issued to directors are fully vested at the date of grant. Directors receiving restricted stock units as compensation for services have no rights as a stockholder of the Company, no dividend rights (except with respect to dividend equivalent rights), and no voting rights until Class A Common Stock is actually issued to them upon separation from service or change in control as defined in the Incentive Plan. If dividends are paid by the Company to its stockholders, directors would be entitled to receive an equal number of restricted stock units based on their proportional interest. On June 30, 2014, the Company issued 9 shares of Class A Common Stock and 61 restricted stock units to its non-employee directors for their services as directors pursuant to the Incentive Plan. The grant date fair value for the Class A Common Stock and restricted stock units received for the equity portion of the annual retainer was $14.00 and the grant date fair value for the portion of the cash retainer elected to be received in equity was $20.10.
The following table presents the number and weighted-average grant date fair value of the Company's restricted stock units at June 30, 2014 (in thousands, except per share amounts):

	Number of Restricted Stock Units Outstanding	Weighted Average Grant Date Fair Value
Total Non-vested Restricted Stock Units as of June 30, 2013	—	$—
Granted	107	16.82
Vested	(61)	14.38
Forfeited	—	—
Total Non-vested Restricted Stock Units as of June 30, 2014	46	$20.03

Equity Awards Issued Under the Previously Existing LLC Agreement
As discussed in Note 2, the LLC modified its capital structure creating a new single class of interests called LLC Units. Previously granted profits interests (formerly Class M Units) were converted into LLC Units in connection with the Recapitalization. These LLC Units are generally subject to the terms of the applicable pre-existing agreements governing the awards, including vesting and repurchase rights at fair market value adjustment upon separation. Under these agreements, the LLC units cannot be resold and unvested units are subject to forfeiture if the recipient's employment is terminated. Forfeited unvested units are not entitled to future distributions. Furthermore, such LLC Units are not transferable, except in limited circumstances as set out in the LLC Agreement. Pursuant to the LLC Agreement, the LLC has the right to determine when distributions will be made to holders of LLC Units and the amount of any such distributions. If a distribution is authorized, such distribution will be made to the holders of LLC Units (including Malibu Boats, Inc.) pro rata in accordance with the percentages of their respective LLC Units.
Certain agreements related to profits interest awards previously granted in 2012 under the former LLC agreement were modified to fully vest the awards at the time of the Recapitalization and IPO transactions. As a result, the incremental fair value associated with the awards was recognized as stock compensation expense when the

Recapitalization and IPO transactions occurred. Further, certain profits interest awards previously granted in November 2013, vest one-third on each of the first three anniversaries of September 30, 2014. On June 26, 2014, the vesting period for certain profit interest awards granted to a member of management on November 1, 2013 and previously granted in 2012 were accelerated to vest on the date immediately prior to the completion of the Follow-on Offering. Refer to the Note 18 for more information on the Follow-on Offering.

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A detail of the LLC's outstanding restricted LLC Units (formerly M Units) for the fiscal years ended June 30, 2014 and 2013 are as follows (in thousands, except per share amounts):

	Total Units June 30, 2012	Units Granted	Units Forfeited/Sold	Total Units June 30, 2013	Units Vested Through June 30, 2013	Units Unvested Through June 30, 2013
LLC Units	931	—	—	931	551	380
Weighted Average Grant Date Fair Value Per Unit	$14.78	$—	$—	$14.78	$14.68	$14.84

	Total Units June 30, 2013	Units Granted	Units Forfeited/Sold	Total Units June 30, 2014	Units Vested Through June 30, 2014	Units Unvested Through June 30, 2014
LLC Units	931	387	(211)	1,107	815	292
Weighted Average Grant Date Fair Value Per Unit	$14.78	$14.12	$(14.46)	$14.52	$14.59	$14.32

As of June 30, 2014, the weighted-average years unvested for these awards was approximately 1.2 years. The total fair value of LLC Units vested for the period from IPO to June 30, 2014 was $2,558.

Stock compensation expense attributable to all of the Company's equity awards was $2,577, $127 and $132 for the fiscal years 2014, 2013 and 2012, respectively, and is included in general and administrative expense in the Company's consolidated statement of operations. The cash flow effects resulting from equity awards were reflected as noncash operating activities. As of June 30, 2014, unrecognized compensation cost related to nonvested, share-based compensation was $3,515.

13. Net Loss Per Share

Basic net loss per share of Class A Common Stock is computed by dividing net loss attributable to the Company's earnings by the weighted average number of shares of Class A Common Stock outstanding during the period. The weighted average number of shares of Class A Common Stock outstanding used in computing basic net loss per share includes fully vested restricted stock units awarded to directors that are entitled to participate in distributions to common shareholders through receipt of additional units of equivalent value to the dividends paid to Class A Common Stock holders.

Diluted net loss per share of Class A Common Stock is computed similarly to basic net loss per share except the weighted average shares outstanding are increased to include additional shares from the assumed exercise of any common stock equivalents using the treasury method, if dilutive. The Company's restricted LLC Units are considered common stock equivalents for this purpose. The number of additional shares of Class A Common Stock related to these common stock equivalents is calculated using the treasury stock method.

All earnings (loss) prior to and up to February 5, 2014, the date of completion of the IPO, were entirely allocable to non-controlling interest and, as a result, earnings (loss) per share information is not applicable for reporting periods prior to this date. Consequently, only the net loss allocable to Malibu Boats, Inc. from the period subsequent to February 5, 2014 is included in the net loss attributable to the stockholders of Class A Common Stock for the fiscal year ended June 30, 2014. Basic and diluted net loss per share of Class A Common Stock from February 5, 2014 to June 30, 2014 have been computed as follows (in thousands, except share and per share amounts):

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	Period from February 5, 2014 to June 30, 2014
Basic:	
Net loss attributable to Malibu Boats, Inc.	$(4,676)
Shares used in computing basic net loss per share:	
Weighted-average Class A Common Stock	11,054,894
Weighted-average participating restricted stock units convertible into Class A Common Stock	416
Basic weighted-average shares outstanding	11,055,310
Basic net loss per share	$(0.42)
Diluted:	
Net loss attributable to Malibu Boats, Inc.	$(4,676)
Net loss	(4,676)
Shares used in computing diluted net loss per share:	
Weighted-average Class A Common Stock	11,054,894
Weighted-average participating restricted stock units convertible into Class A Common Stock	416
Diluted weighted-average shares outstanding	11,055,310
Diluted net loss per share	$(0.42)

[1] The Company excluded 11,373,855 potentially dilutive shares from the calculation of diluted loss per share for the fiscal year ended June 30, 2014 as these units would have been antidilutive.

The shares of Class B Common Stock do not share in the earnings or losses of Malibu Boats, Inc. and are therefore not included in the calculation. Accordingly, basic and diluted net earnings (loss) per share of Class B Common Stock has not been presented.

On July 15, 2014, the Company issued 5,520,000 shares of Class A Common Stock in connection with its Follow-on Offering. The issuance of these shares are expected to have a material impact on net income attributable to the Company and weighted-average shares outstanding used in computing basic net earnings per share of Class A Common Stock for periods subsequent to fiscal year ended June 30, 2014. The issuance will also have a material offsetting impact between the weighted-average Class A Common Stock and non-controlling interest units convertible into Class A Common Stock outstanding used in determining diluted weighted-average shares outstanding for periods subsequent to fiscal year ended June 30, 2014. The impact on diluted weighted-average shares outstanding and diluted net earnings per share of Class A Common Stock is therefore excepted to be nominal. Refer to Note 18 for more information.

14. Commitments and Contingencies

Repurchase Commitments

In connection with its dealers' wholesale floor-plan financing of boats, the Company has entered into repurchase agreements with various lending institutions. The reserve methodology used to record an estimated expense and loss reserve in each accounting period is based upon an analysis of likely repurchases based on current field inventory and likelihood of repurchase. Subsequent to the inception of the repurchase commitment, the Company evaluates the likelihood of repurchase and adjusts the estimated loss reserve and related consolidated statement of operations account accordingly. This potential loss reserve is presented in accrued liabilities in the accompanying consolidated balance sheets. If the Company were obligated to repurchase a significant number of units under any repurchase agreement, its business, operating results and financial condition could be adversely affected.

Repurchases and subsequent sales are recorded as a revenue transaction. The net difference between the original repurchase price and the resale price is recorded against the loss reserve and presented in cost of goods sold in the accompanying consolidated income statements. No units were repurchased for the fiscal years ended June 30, 2014 and 2013. The Company did not carry a reserve for repurchases as of June 30, 2014 and 2013, respectively.

Lease Commitments

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Explanation of Responses:

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In connection with a sale-leaseback transaction as of March 2008, the Company now leases its manufacturing and office facilities for $156 per month with periodic inflationary adjustments, plus the payment of property taxes, normal maintenance, and insurance on the property under an agreement which expires March 2028, with three ten-year options to extend, at the Company's discretion. For more information, see Note 4.
The Company also has various other leases for operating facilities and machinery and equipment under operating leases that expire over the next three years. The total rental expense for the years ended June 30, 2014, 2013 and 2012 was $2,088, $1,889 and $1,817, respectively.
Future minimum lease payments under noncancelable operating leases as of June 30, 2014, are as follows:

	As of June 30, 2014
Fiscal Year	
2015	$1,949
2016	1,942
2017	1,904
2018	1,905
2019	2,050
Thereafter	15,012
	$24,762

Contingencies
Product Liability
The Company is engaged in a business that exposes it to claims for product liability and warranty claims in the event the Company's products actually or allegedly fail to perform as expected or the use of the Company's products results, or is alleged to result, in property damage, personal injury or death. Although the Company maintains product and general liability insurance of the types and in the amounts that the Company believes are customary for the industry, the Company is not fully insured against all such potential claims. The Company may have the ability to refer claims to its suppliers and their insurers to pay the costs associated with any claims arising from the suppliers' products. The Company's insurance covers such claims that are not adequately covered by a supplier's insurance and provides for excess secondary coverage above the limits provided by the Company's suppliers.
The Company may experience legal claims in excess of its insurance coverage or claims that are not covered by insurance, either of which could adversely affect its business, financial condition and results of operations. Adverse determination of material product liability and warranty claims made against the Company could have a material adverse effect on its financial condition and harm its reputation. In addition, if any of the Company products are, or are alleged to be, defective, the Company may be required to participate in a recall of that product if the defect or alleged defect relates to safety. These and other claims that the Company faces could be costly to the Company and require substantial management attention. Refer to Note 6 for discussion of warranty claims. The Company insures against product liability claims and believes there are no material product liability claims as of June 30, 2014 that would not be covered by our insurance.
Litigation
Certain conditions may exist which could result in a loss, but which will only be resolved when future events occur. The Company, in consultation with its legal counsel, assesses such contingent liabilities, and such assessments inherently involve an exercise of judgment. If the assessment of a contingency indicates that it is probable that a loss has been incurred, the Company accrues for such contingent loss when it can be reasonably estimated. If the assessment indicates that a potentially material loss contingency is not probable but reasonably estimable, or is probable but cannot be estimated, the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. Estimates of potential legal fees and other directly related costs associated with contingencies are not accrued but rather are expensed as incurred. Except as disclosed below, management does not believe there are any pending claims (asserted or unasserted) at June 30, 2014 or June 30, 2013 that will have a material adverse impact on the Company's financial condition, results of operations or cash flows. See 'Legal Proceedings' section below for more detail on on-going litigation.
Legal Proceedings

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On August 27, 2010, Pacific Coast Marine Windshields Ltd., or "PCMW," filed suit against the Company and certain third parties, including Marine Hardware, Inc., a third-party supplier of windshields to the Company, in the U.S. District Court for the Middle District of Florida seeking monetary and injunctive relief. PCMW was a significant supplier of windshields to the Company through 2008, when the Company sought an alternative vendor of windshields in response to defective product supplied by PCMW. PCMW’s amended complaint alleged, among other things, infringement of a design patent and two utility patents related to marine windshields, copyright infringement and misappropriation of trade secrets. The Company denied any liability arising from the causes of action alleged by PCMW and filed a counter claim alleging PCMW’s infringement of one of the Company's patents, conversion of two of the patents asserted against the Company, unfair competition and breach of contract. In December 2012, the court granted partial summary judgment in the Company's favor, holding that the Company did not infringe the design patent asserted against the Company. PCMW appealed the court’s decision and dismissed all remaining claims against the Company, other than the claims of copyright infringement and misappropriation of trade secrets. The court stayed the remaining matters pending resolution of PCMW’s appeal. On January 8, 2014, the Court of Appeals for the Federal Circuit Court reversed the decision granting summary judgment in the Company's favor regarding the design patent asserted against the Company, and the case was remanded to the district court. The appellate court’s decision did not affect any of the Company's other defenses to any of PCMW’s claims, including the design patent claim, nor did it affect any of the Company's claims against PCMW. The district court scheduled a hearing on June 3, 2014 for the pending summary judgment motions, and it subsequently entered an order denying those motions and confirming the previously-set trial date of September 22, 2014 on PCMW’s remaining claims for infringement of a design patent, copyright, and trade secret misappropriation and the Company’s claims against PCMW for declaratory relief, conversion, breach of warranty, and unfair competition. As part of the order dated August 22, 2014, denying the Company’s summary judgment motion, the district court ruled that if successful at trial in proving that the Company infringes the design patent, PCMW would be allowed to seek recovery of Malibu’s profits from the sale of the boats using the alleged infringing windshield, and not merely the profits from the windshield. On September 15, 2014, the Company entered into a Memorandum of Understanding between it and PCMW subject to the execution of a definitive settlement agreement which is expected to occur on or prior to September 29, 2014. As a result, the Company will pay $20.0 million in cash to to the plaintiffs, PCMW and Darren Bach, upon entry into a definitive agreement or such later date as the parties agree, and the parties have released each other from all past and present claims. Further, the plaintiffs, including PCMW, have agreed not to sue on now-existing intellectual property rights. Accordingly, the Company recorded a one-time charge of $20.0 million in connection with the settlement for the fiscal year ending June 30, 2014.

On October 31, 2013, the Company filed suit against Nautique Boat Company, Inc., or "Nautique," in the U.S. District Court for the Eastern District of Tennessee alleging infringement of two of the Company's patents and seeking monetary and injunctive relief. This Tennessee lawsuit is a re-filing of a California patent infringement lawsuit against Nautique that was dismissed without prejudice on October 31, 2013. On November 1, 2013, Nautique filed for declaratory judgment in the U.S. District Court for the Middle District of Florida, claiming that it has not infringed the two patents identified in the original complaint in the Tennessee lawsuit. The Tennessee court has enjoined Nautique from maintaining the Florida lawsuit which is partially duplicative. Nautique has dismissed the Florida lawsuit to comply with the Tennessee court’s ruling. On December 13, 2013, the Company amended the Company's complaint to add another of its patents to the Tennessee lawsuit. All three patents in the case relate to the Company's proprietary wake surfing technology.

On June 27, 2014, Nautique filed a petition with the U.S. Patent and Trademark Office, or “PTO,” requesting institution of an Inter Partes Review, or “IPR,” of the Company’s U.S. Pat. No. 8,539,897, one of the three patents at issue in the Tennessee litigation. The Company will file a response with the PTO addressing the allegations made in Nautique’s petition. Thereafter, the PTO will determine whether to institute the IPR. In the Tennessee litigation, the Court denied Nautique’s motion to stay the litigation pending the outcome of Nautique’s petition for an IPR. The Court also set a trial date for the litigation of February 9, 2015. The Company intends to vigorously pursue the Tennessee litigation and the IPR to enforce and defend its rights in the patented technology.

15. Related Party Transactions

On July 11, 2012, the LLC reinstated certain payment provisions of a management agreement with an equity sponsor. Under the terms of the management agreement, as amended, the LLC agreed to pay a management fee of $1,831 for periods prior to June 30, 2012, $250 for the period July 1, 2012 through December 31, 2012 and $750 per annum beginning January 1, 2013, all of which is payable in advance. In connection with the IPO, this management agreement was terminated and a one time termination fee of $3,750 was paid to the former sponsor. Total payments associated with the management services, including termination fees, for the years ended June 30, 2014, 2013 and 2012 were $4,500, $2,831 and $0, respectively, all of which are recorded as general and administrative expense. Three non-employee members of the Company's board of directors are also shareholders of the Company and receive an annual retainer as compensation for services rendered. For the fiscal year ended June 30, 2014, $416 was paid to these directors

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in both cash and equity for their services. Of the amount paid, $268 was a prepayment for services through the 2015 annual meeting.

16. Segment Reporting

The Company operates as one operating segment—the manufacturing, distribution, marketing and sale of performance sport boats. The Company considers an operating segment to be a component of an entity for which discrete financial information is available for such component and the operating results for such segment are regularly reviewed by the chief operating decision maker ("CODM"), as defined by ASC Topic 280, "Segment Reporting," to assess performance and allocate Company resources. The Company's Chief Executive Officer serves as the CODM. The Company relied upon the following factors in determining that it operates as a single operating segment: (i) the similar nature of the products sold by the Company; (ii) the centralized production and management structure of the Company, which supports all marketing, selling and customer service efforts worldwide; and (iii) the consolidated nature of the reports reviewed by the CODM for purposes of assessing the Company's performance and allocating its resources.

17. Quarterly Financial Reporting (Unaudited)

	Quarter Ended [1]				Fiscal Year Ended June 30, 2014
	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013	
Net Sales	$53,400	$50,293	$43,938	$43,304	$190,935
Gross Profit	14,676	13,401	11,696	11,021	50,794
Operating (loss) income	(12,914)	296	5,823	6,340	(455)
Net (loss) income	(10,600)	(987)	5,220	5,179	(1,188)
Net (loss) income attributable to non-controlling interest	(6,294)	(617)	5,220	5,179	3,488
Net loss attributable to Malibu Boats, Inc.	$(4,306)	$(370)	$—	$—	$(4,676)
Basic loss per share of Class A Common Stock	$(0.39)	$(0.03)	$—	$—	$(0.42)
Diluted loss per share of Class A Common Stock	$(0.39)	$(0.04)	$—	$—	$(0.42)

	Quarter Ended [2]				Fiscal Year Ended June 30, 2013
	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	
Net Sales	$48,973	$47,062	$37,818	$33,159	$167,012
Gross Profit	13,938	12,500	9,294	7,868	43,600
Operating income	8,624	5,532	4,165	986	19,308
Net income	8,376	5,200	3,767	639	17,984
Net income attributable to non-controlling interest	8,376	5,200	3,767	639	17,984
Net income attributable to Malibu Boats, Inc.	$—	$—	$—	$—	$—
Basic earnings per share of Class A Common Stock	$—	$—	$—	$—	$—
Diluted earnings per share of Class A Common Stock	$—	$—	$—	$—	$—

[1] The quarterly information presented for the quarters ended September 30 and December 31, 2013 reflect the financial statement results attributable to the LLC. The quarterly information presented for the quarters ended March 31 and June 30, 2013 reflect the financial statement results of the Company. Certain totals will not sum exactly due to

rounding.

[2] The quarterly information presented for the fiscal year ended June 30, 2013 reflect the financial statement results entirely attributable to the LLC. Certain totals will not sum exactly due to rounding.

18. Subsequent Events

401(k) Retirement Plan

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The Company adopted a new 401(k) retirement plan effective as of July 1, 2014. Full-time employees who have completed one year of service will have the opportunity to participate in the 401(k) plan. The 401(k) plan will be intended to qualify under Section 401 of the Internal Revenue Code. Employees will be able to elect to defer a portion of their eligible compensation not to exceed the statutorily prescribed annual limit in the form of elective deferral contributions to the Company's 401(k) plan. The Company's 401(k) plan will also have a "catch-up contribution" feature for employees eligible to defer amounts over the statutory limit that applies to all other employees. The Company also expects to provide matching contributions of up to $0.50 per $1.00 of participant deferral up to a maximum per participant deferral amount equivalent to 6% of eligible compensation, with a maximum matching contribution of 3% of eligible compensation per participant per plan year. Participants will always be vested in their personal contributions to the 401(k) plan, and company matching contributions under the plan are expected to cliff vest following a participant's completion of three years of service.

Unregistered Sales of Equity Securities

On July 2, 2014, in connection with transfers of membership units of the LLC by certain members of the LLC to one LLC member, the Company canceled one share of its Class B Common Stock, par value $0.01 per share, for a total of 43 shares.

Follow-on Offering

On July 15, 2014, the Company completed the Follow-on Offering of 5,520,000 shares of Class A Common Stock at a price to the public of $18.50 per share, of which 4,371,893 shares were issued and sold by the Company and 1,148,107 shares were sold by selling stockholders. This included 538,252 shares issued and sold by the Company and 181,748 shares sold by selling stockholders pursuant to the over-allotment option granted to the underwriters, which was exercised concurrently with the closing of the Follow-on Offering.

The aggregate gross proceeds from the Follow-on Offering were $102,120. Of these proceeds, the Company received $76,836 and the selling stockholders received $20,178, after deducting $5,106 in underwriting discounts and commissions. All the proceeds from the Follow-on Offering were used to purchase LLC Units directly from the holders of LLC Units. Immediately following the Follow-on Offering, the Company owned 15,426,723 LLC Units representing 68.8% of the economic interest in the LLC while non-controlling LLC Unit holders owned 7,001,844 LLC Units representing a 31.2% interest in the LLC.

In connection with completion of the Follow-on Offering, the Company estimates it will record deferred tax assets of approximately $37,202 associated with basis differences in assets upon acquiring the additional interest in Malibu Boats Holdings, LLC and in anticipation of making a Section 754 election. The Company also estimates it will record approximately $34,019 in tax receivable agreement liabilities representing 85% of the tax savings that the Company will receive in connection with the Section 754 election. These amounts are preliminary and subject to adjustment.

Distributions to Non-Controlling LLC Unit Holders

On August 21, 2014, the LLC paid tax distributions to non-controlling LLC Unit holders in the aggregate amount of $2,008.

Settlement of Litigation with PCMW

On September 15, 2014, the Company agreed to settle litigation with PCMW regarding infringement of certain intellectual property rights. Accordingly, the Company recorded a one-time charge of $20.0 million in connection with the settlement for the fiscal year ending June 30, 2014. Refer to Note 14 for more information.

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of the end of the period covered by this Form 10-K Annual Report, we carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures. Based upon this evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of June 30, 2014.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Exemption from Management’s Report on Internal Control Over Financial Reporting

This Annual Report does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of our independent registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Item 9B. Other Information

Not Applicable.

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PART III.

Item 10. Directors, Executive Officers and Corporate Governance

The Company has adopted a Code of Business Conduct applicable to our employees, directors, and officers and a Code of Ethics and a Supplemental Code of Ethics. This Code of Ethics is applicable to our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions. The codes are available on the Company's website at www.malibuboats.com. To the extent required by rules adopted by the SEC and NASDAQ, we intend to promptly disclose future amendments to certain provisions of the codes, or waivers of such provisions granted to executive officers and directors on our website at www.malibuboats.com.

The remaining information required by this Item 10 will be included the Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item 11 will be included in the Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 will be included in the Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 will be included in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item 14 will be included in the Proxy Statement and is incorporated herein by reference.

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PART IV.

Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

The following financial statements are included in Part II, Item 8 of this Annual Report on Form 10-K:

- Consolidated Statements of Operations for the fiscal years ended June 30, 2014, 2013, and 2012.
- Consolidated Balance Sheets as of June 30, 2014 and 2013.
- Consolidated Statements of Stockholders' and Members' Equity for the fiscal years ended June 30, 2014, 2013, and 2012.
- Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2014, 2013, and 2012.
- Notes to Consolidated Financial Statements.
- Report of Independent Registered Public Accounting Firm.

2. Financial Statement Schedules

Separate financial statement schedules have been omitted because such information is inapplicable or is included in the financial statements or notes described above.

3. Exhibits

The exhibits filed as part of this Annual Report are listed in the exhibit index immediately preceding such exhibits, which exhibit index is incorporated herein by reference.

Exhibit No.	Description
3.1	Certificate of Incorporation of Malibu Boats, Inc. (incorporated herein by reference to Exhibit 3.1 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
3.2	Bylaws of Malibu Boats, Inc. (incorporated herein by reference to Exhibit 3.2 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
3.3	Certificate of Formation of Malibu Boats Holdings, LLC (incorporated herein by reference to Exhibit 3.3 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
3.4	First Amended and Restated Limited Liability Company Agreement of Malibu Boats Holdings, LLC dated as of February 5, 2014 (incorporated herein by reference to Exhibit 10.1 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on February 6, 2014 (File No. 001-36290))
3.4.1	First Amendment, dated as of February 5, 2014, to First Amended and Restated Limited Liability Company Agreement of Malibu Boats Holdings, LLC (incorporated herein by reference to Exhibit 3.5 to Malibu Boats, Inc.'s Quarterly Report on Form 10-Q/A filed on May 13, 2014 (File No. 001-36290))
3.4.2	Second Amendment, dated as of June 27, 2014, to First Amended and Restated Limited Liability Company Agreement of Malibu Boats Holdings, LLC (incorporated herein by reference to Exhibit 3.1 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on June 27, 2014 (File No. 001-36290))
4.1	Form of Class A Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
4.2	Form of Class B Common Stock Certificate (incorporated herein by reference to Exhibit 4.2 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))

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10.1	Credit Agreement by and among Malibu Boats, LLC, Malibu Boats Holdings, LLC, SunTrust Bank and the other Lenders and Guarantors defined therein, dated July 16, 2013 (incorporated herein by reference to Exhibit 10.1 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))†
10.1.1	First Amendment, dated January 3, 2014, to Credit Agreement and Consent by and among Malibu Boats, LLC, Malibu Boats Holdings, LLC, SunTrust Bank and the other Lenders and Guarantors defined therein (incorporated herein by reference to Exhibit 10.1.1 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
10.1.2	Second Amendment, dated as of May 8, 2014, to Credit Agreement and Consent by and among Malibu Boats, LLC, Malibu Boats Holdings, LLC, SunTrust Bank and the other Lenders and Guarantors defined therein (incorporated herein by reference to Exhibit 10.1 to Malibu Boats, Inc.'s Quarterly Report on Form 10-Q filed on May 12, 2014 (File No. 001-36290))
10.2	Security Agreement by and among Malibu Boats, LLC, Malibu Boats Holdings, LLC, Malibu Boats Domestic International Sales Corp. and SunTrust Bank, dated July 16, 2013 (incorporated herein by reference to Exhibit 10.2 to Malibu Boats, Inc.'s registration statement on Form S-1 filed on December 13, 2013 (File No. 333-192862))
10.3	Trademark and Patent Security Agreement by and between Malibu Boats, LLC and SunTrust Bank, dated July 16, 2013 (incorporated herein by reference to Exhibit 10.3 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
10.4	Master Lease Agreement by and between Malibu Boats, LLC and Spirit Master Funding IV, LLC, dated March 31, 2008 (incorporated herein by reference to Exhibit 10.7 to Malibu Boats, Inc.'s registration statement on Form S-1 filed on December 13, 2013 (File No. 333-192862))
10.5	Sublease by and between Malibu Boats, LLC and Spirit Master Funding IV, LLC, dated March 31, 2008 (incorporated herein by reference to Exhibit 10.8 to Malibu Boats, Inc.'s registration statement on Form S-1 filed on December 13, 2013 (File No. 333-192862))
10.6*	Employment Agreement by and between Malibu Boats, Inc. and Ritchie Anderson, dated February 5, 2014 (incorporated herein by reference to Exhibit 10.7 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on February 6, 2014 (File No. 001-36290))
10.7*	Employment Agreement by and between Malibu Boats, Inc. and Jack Springer, dated February 5, 2014 (incorporated herein by reference to Exhibit 10.8 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on February 6, 2014 (File No. 001-36290))
10.8*	Employment Agreement by and between Malibu Boats, Inc. and Wayne Wilson, dated February 5, 2014 (incorporated herein by reference to Exhibit 10.9 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on February 6, 2014 (File No. 001-36290))
10.9*	Long-Term Incentive Plan (incorporated herein by reference to Exhibit 10.15 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
10.9.1*	Amendment Number One, dated as of June 24, 2014, to the Long Term Incentive Plan (incorporated herein by reference to Exhibit 10.2 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on June 27, 2014 (File No. 001-36290))
10.9.2*	Form of Incentive Stock Option Agreement (incorporated herein by reference to Exhibit 10.15.1 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
10.9.3*	Form of Nonqualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.15.2 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
10.9.4*	Form of Restricted Stock Agreement (incorporated herein by reference to Exhibit 10.15.3 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))

10.9.5*	Form of Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.15.4 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
10.10	Exchange Agreement, dated as of February 5, 2014, by and among Malibu Boats, Inc. and Affiliates of Black Canyon Capital LLC and Horizon Holdings LLC (incorporated herein by reference to Exhibit 10.2 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on February 6, 2014 (File No. 001-36290))
10.10.1	Exchange Agreement, dated as of February 5, 2014, by and among Malibu Boats, Inc. and the Other Members of Malibu Boats Holdings, LLC (incorporated herein by reference to Exhibit 10.3 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on February 6, 2014 (File No. 001-36290))

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10.11	Tax Receivable Agreement, dated as of February 5, 2014, by and among Malibu Boats, Inc., Malibu Boats Holdings, LLC and the Other Members of Malibu Boats Holdings, LLC (incorporated herein by reference to Exhibit 10.4 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on February 6, 2014 (File No. 001-36290))
10.12	Registration Rights Agreement, dated as of February 5, 2014, by and among Malibu Boats, Inc., Black Canyon Management LLC and Affiliates of Black Canyon Capital LLC (incorporated herein by reference to Exhibit 10.5 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on February 6, 2014 (File No. 001-36290))
10.12.1	First Amendment, dated as of June 27, 2014, to the Registration Rights Agreement by and among Malibu Boats, Inc., Black Canyon Management LLC and Affiliates of Black Canyon Capital LLC (incorporated herein by reference to Exhibit 10.1 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on June 27, 2014 (File No. 001-36290))
10.13*	Form of Indemnification Agreement (incorporated herein by reference to Exhibit 10.19 to Malibu Boats, Inc.'s registration statement on Form S-1 filed on December 13, 2013 (File No. 333-192862))
10.14	Voting Agreement, dated as of February 5, 2014, by and among Malibu Boats, Inc., Black Canyon Management LLC, Jack D. Springer, Wayne R. Wilson and Ritchie L. Anderson (incorporated herein by reference to Exhibit 10.6 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on February 6, 2014 (File No. 001-36290))
10.15*	Letter Agreement Amending LLC Unit Vesting Schedule by and between Malibu Boats Holdings, LLC and Ritchie Anderson (incorporated herein by reference to Exhibit 10.4 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on June 27, 2014 (File No. 001-36290))
10.16*	Director Compensation Policy (incorporated herein by reference to Exhibit 10.3 to Malibu Boats, Inc.'s Current Report on Form 8-K filed on June 27, 2014 (File No. 001-36290))
21.1	Subsidiaries of Malibu Boats, Inc. (incorporated herein by reference to Exhibit 21.1 to Amendment No. 1 to Malibu Boats, Inc.'s Registration Statement on Form S-1 filed on January 8, 2014 (File No. 333-192862))
23.1	Consent of McGladrey LLP, independent registered public accounting firm for Malibu Boats, Inc.
31.1	Certificate of the Chief Executive Officer of Malibu Boats, Inc. pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certificate of the Chief Financial Officer of Malibu Boats, Inc. pursuant to Rule 13a-14 or 15d-14 of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of the Chief Executive Officer and Chief Financial Officer of Malibu Boats, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document ***
101.SCH	XBRL Taxonomy Extension Schema Document ***
101.CAL	XBRL Taxonomy Calculation Linkbase Document ***
101.DEF	XBRL Definition Linkbase Document ***
101.LAB	XBRL Taxonomy Label Linkbase Document ***
101.PRE	XBRL Taxonomy Presentation Linkbase Document ***

* Management contract or compensatory plan or arrangement

*** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

†

Confidential treatment has been granted with respect to certain portions of this exhibit. Omitted portions have been filed separately with the Securities and Exchange Commission.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MALIBU BOATS, INC.

September 24, 2014	/s/ Jack D. Springer Jack D. Springer Chief Executive Officer (Principal Executive Officer)
September 24, 2014	/s/ Wayne R. Wilson Wayne R. Wilson Chief Financial Officer (Principal Financial and Accounting Officer)

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Jack D. Springer Jack D. Springer	Chief Executive Officer and Director (Principal Executive Officer)	September 24, 2014
/s/ Wayne R. Wilson Wayne R. Wilson	Chief Financial Officer (Principal Financial and Accounting Officer)	September 24, 2014
/s/ Michael K. Hooks Michael K. Hooks	Chairman of the Board and Director	September 24, 2014
/s/ Mark W. Lanigan Mark W. Lanigan	Director	September 24, 2014
/s/ Phillip S. Estes Phillip S. Estes	Director	September 24, 2014
/s/ James R. Buch James R. Buch	Director	September 24, 2014
/s/ Ivar S. Chhina Ivar S. Chhina	Director	September 24, 2014
/s/ Michael J. Connolly Michael J. Connolly	Director	September 24, 2014
/s/ Peter E. Murphy Peter E. Murphy	Director	September 24, 2014
/s/ John E. Stokely John E. Stokely	Director	September 24, 2014