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30 January 2018

The Manager
Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

APPENDIX 4C: QUARTERLY COMMITMENTS REPORT

We attach the Company's Appendix 4C report for the three months ended 31 December 2017.

EXECUTIVE SUMMARY

Operating highlights for the 6 months ended 31 December 2017 are:

- Operating cash surplus \$0.83m. This is the second consecutive half-year that the Company has achieved a surplus.
- Settlement volumes up 6% to \$7.8b (H2 FY17: \$7.4b).
- Underlying loan book continues to grow, increasing by 6% to \$46.0b.
- Underlying Funds Under Management (FUM) increased by 27% to \$1.4b.*
- Premiums Under Management (PUM) increased by 7% to \$17.6m.
- The Company's first fintech platform, Money Manager was launched in Q2 FY18. The culmination of 48 months' work, this is the first stage of a suite of financial fitness digital applications that will drive customer acquisition and retention.

The H1 FY2018 underlying operating cash result is a surplus of \$0.83m. (H2 FY2017: surplus of \$0.93m).

- Total receipts from customers increased by 4% on last half to \$105.2m (H2 FY2017: \$100.7m).
- Total underlying operating cash outflows decreased by 2% (\$0.3m) to \$15.5m (H2 FY2017: \$15.8m). Current half expenditure included a 23%, \$0.3m increase in discretionary marketing.
- The 5%, \$0.7m decrease in other operating cash is primarily attributable to investment activities in the period.
- Cash outflows attributable to investments in non-current assets increased by \$1.0m to \$1.9m (H2 FY17 \$0.9m). This strategic investment in operational platforms is designed to increase profitability and create multiple points of difference across the Company's distribution networks.

*excludes \$0.4b of institutional funds in SMI that sit outside YBR's 50% interest in assets under management. Total SMI is \$1.3b

Summary of operating cash flows (\$m)	H2 FY17	H1 FY18	vs PCP \$ Change (+ ve is favourable)	vs PCP % Change (+ ve is favourable)
Receipts from customers	100.68	105.16	4.48	4%
Branch and supplier pay away	(83.94)	(88.86)	(4.92)	(6%)
Underlying surplus of receipts over direct costs	16.74	16.30	(0.44)	(3%)
Trail rights acquisition	(0.29)	-	0.29	
Surplus of receipts over direct costs	16.45	16.30	(0.15)	(1%)
Marketing	(1.41)	(1.75)	(0.34)	(24%)
Other operating	(14.40)	(13.72)	0.68	5%
Underlying operating cash outflows	(15.81)	(15.47)	0.34	2%
Acquisition & integration costs	(0.05)	-	0.05	100%
Total operating cash outflows	(15.86)	(15.47)	0.39	2%
	-	-		
Reported operating deficit/surplus	0.59	0.83	0.24	41%
Acquisition & integration costs	0.05	-	(0.05)	
Trail rights acquisition	0.29	-	(0.29)	
Underlying operating cash deficit/surplus	0.93	0.83	(0.10)	(11%)

At 31 December 2017, the Company holds \$4.2m in cash and cash equivalents, and \$0.9m in undrawn finance facilities (total available cash \$5.1m).

For details please see the attached Financial commentary and Appendix 4C.



Kind regards

Richard Shaw

Chief Financial Officer

Yellow Brick Road Holdings

Yellow Brick Road Group

FINANCIAL COMMENTARY

Summary

The reported net operating cash surplus for Q2 FY2018 is \$1.22m (Q1 FY2018: deficit of \$0.39m).

As at 31 December 2017, the Company has \$4.2m in cash and \$9.5m in borrowing facilities (\$8.6m drawn and \$0.9m undrawn).

Operating Cash Receipts

Receipts from customers decreased by 2% to \$51.96m (Q1 FY2018 \$53.20m). Settlement volume of \$3.9b was 2% higher than last quarter. Decreased cash inflows are attributable to variances in the timing of receipts.

The surplus in receipts from customers, after branch and supplier pay away (Net Receipts), decreased by \$0.24m to \$8.03m (Q1 FY2018 \$8.27m).

Key Cash Outcomes	Q2 FY2018	Chg. Vs Q1 FY2018
Gross Receipts	\$52.0m	-2%
Net Receipts	\$8.03m	-3%
Other Op. O'flows	\$6.8m	-21%
Operating surplus	\$1.2m	
Cash and investments at call	\$4.2m	-10%

Operating Cash Outflows

Operating cash outflows, excluding branch and broker share of revenue, decreased by \$1.9m to \$6.8m (Q1 FY2018 \$8.7m).

The decrease is attributable to the timing of cash outflows and an increase in investment activities during the quarter.

Cash flows from Investment Activities

During Q2 FY2018 the Company made a significant investment to develop and enhance key operational platforms. These strategic initiatives support future growth in profitability across the Company's distribution networks.

- **Money Manager Platform.** Released to the network in Q2 FY18, this financial fitness digital tool will enhance the depth and extent of adviser client engagement and increase acquisition and retention.
- **Securitisation Platform:** Allow the Company to originate self-funded loan assets through the group lending business.
- **Vow Lending Platform:** Industry-leading functionality to establish a significant point of difference for the Vow network.
- **Professional Development Platform:** Intended to provide a new source of revenue and improve quality, consistency and risk and compliance assurance throughout the Company's distribution network.
- **Business Reporting Platform:** Automated reporting platform to enhance business agility and efficiency.

Key Operating Outcomes	Q2 FY2018	Chg. Vs Q1 FY2018
Settlements	\$3.9b	+ 2%
Underlying Mortgage Book	\$46b	+ 3%
Underlying FUM *	\$1.45b	+ 15%
PUM	\$17.6M	+ 3%

*excludes \$0.4b of institutional funds in SMI that sit outside YBR's 50% interest in assets under management. Total SMI is \$1.3b.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Yellow Brick Road Holdings Limited

ABN

44 119 436 083

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	51,963	105,165
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(43,932)	(88,861)
(c) advertising and marketing	(1,015)	(1,747)
(d) leased assets	-	-
(e) staff costs	(2,708)	(5,756)
(f) administration and corporate costs	(2,934)	(7,737)
(g) net payment to insurance underwriters on behalf of clients ⁽¹⁾	(27)	33
1.3 Dividends received (see note 3)		
1.4 Interest received	13	24
1.5 Interest and other costs of finance paid	(138)	(286)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	1,222	835

⁽¹⁾ The Company receives general insurance premiums from clients and remits these to underwriters between 60 and 90 days after receipt. The difference between premiums received and paid is recorded as an underwriter deficit or surplus. As a consequence of these timing differences, payment to underwriters in the period was more than receipts from clients by \$27,000.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
	Net operating cash flows (carried forward)	1,222	835
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(30)	(43)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(1,652)	(1,949)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	260
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) ³	-	-
2.6	Net cash from / (used in) investing activities	(1682)	(1732)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,635	5,072
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,222	835
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1682)	(1732)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	4,175	4,175

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,175	4,635
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,175	4,635

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	153
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
	<div><div>-</div>Directors' fees \$77,000</div> <div><div>-</div>Frank Ganis received salary of \$76,000 during the period. This relates to his services for the advisory role for the period August-December 2017.</div>	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	103
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
- Golden Wealth Holdings Pty Ltd (GWH), a director related entity of Mark Bouris received contracted payments of \$103,125 (inc GST) covering consultancy fees during the period.	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	9,500	8,650
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company has a secured bill facility with CBA. For the quarter the Company was charged 4% fixed rate on the finance facility plus a variable rate of 1.85%.

The Company has secured bank overdraft facilities with CBA. The company pays interest at overdraft index rate less 2.00%.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs *	(45,000)
9.3 Advertising and marketing	(620)
9.4 Leased assets	-
9.5 Staff costs	(3,160)
9.6 Administration and corporate costs	(4,500)
9.7 Other (provide details if material)	(250)
9.8 Total estimated cash outflows	(53,530)

* Product Manufacturing and Operating costs are predominantly branch and franchisee share of commission revenue received. This is a direct variable cost that may fluctuate significantly in line with variations in receipts from customers.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 30 January 2018.

Print name: Richard Shaw

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.