

## Yellow Brick Road Holdings Limited

### Appendix 4D

#### Half-year report

#### 1. Company details

Name of entity:	Yellow Brick Road Holdings Limited
ABN:	44 119 436 083
Reporting period:	For the half-year ended 31 December 2017
Previous period:	For the half-year ended 31 December 2016

#### 2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	4.5% to	110,270
Profit from ordinary activities after tax attributable to the owners of Yellow Brick Road Holdings Limited	down	40.5% to	234
Profit for the half-year attributable to the owners of Yellow Brick Road Holdings Limited	down	40.5% to	234

##### *Dividends*

There were no dividends paid, recommended or declared during the current financial period.

##### *Comments*

The profit for the consolidated entity after providing for income tax amounted to \$234,000 (31 December 2016: \$393,000).

Further information on the review of operations, financial position and future strategies is detailed in the Directors' report attached as part of the Interim Financial Statements.

Earnings before interest expense, tax, depreciation and amortisation ('EBITDA') after excluding other non-operating expenses for the consolidated entity ('Underlying EBITDA') was a profit of \$2,099,000 (2016: \$3,075,000). This is calculated as follows:

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$'000	\$'000
Profit after income tax	234	393
Add: Depreciation and amortisation	1,225	1,419
Add: Interest expense	346	411
Less: Income tax expense/(benefit)	294	(108)
EBITDA	2,099	2,115
Add: Other non-operating expenses - cash and non-cash *	-	733
Add: Loss on disposal of assets classified as held for sale	-	227
Underlying EBITDA	2,099	3,075

\* Other non-operating expenses - cash and non-cash, represent one-off acquisition costs and are considered non-operating in nature.

Key features of Underlying EBITDA result were:

- Revenue from continuing operations increased by 4.5% to \$110,270,000 (2016: \$105,477,000)
- Underlying loan book size increased by 4.6% to \$46,143 million (June 2017: \$44,075 million)
- Embedded loan book value increased by 0.2% to \$50.0 million (June 2017: \$49.9 million)
- Embedded loan book value per ordinary share is 17.73 cents (2016: 16.41 cents)
- Underlying funds under management increased by 27% to \$1,446 million (June 2017: \$1,138 million)
- Premiums under management increased by 6.7% to \$17.56 million (June 2017: \$16.45 million)

**Yellow Brick Road Holdings Limited**  
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More in-depth analysis of performance and strategy will be included with the investor update which will be released in conjunction with the half-year report.

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**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>13.65</u>	<u>13.25</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividend reinvestment plans**

Not applicable.

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**7. Details of associates and joint venture entities**

<b>Name of associate / joint venture</b>	<b>Reporting entity's percentage holding</b>		<b>Contribution to profit/(loss) (where material)</b>	
	<b>Reporting period %</b>	<b>Previous period %</b>	<b>Reporting period \$'000</b>	<b>Previous period \$'000</b>
Smarter Money Investments Pty Ltd	50.00%	50.00%	891	632
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			891	632

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**8. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**9. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**Yellow Brick Road Holdings Limited**  
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**Half-year report**

**10. Attachments**

*Details of attachments (if any):*

The Interim Report of Yellow Brick Road Holdings Limited for the half-year ended 31 December 2017 is attached.

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**11. Signed**



Signed \_\_\_\_\_

Date: 23 February 2018

Mark Bouris  
Executive Chairman  
Sydney

# **Yellow Brick Road Holdings Limited**

**ABN 44 119 436 083**

**Interim Report - 31 December 2017**

## **Yellow Brick Road Holdings Limited**

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**31 December 2017**

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### **General information**

The financial statements cover Yellow Brick Road Holdings Limited as a consolidated entity consisting of Yellow Brick Road Holdings Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Yellow Brick Road Holdings Limited's functional and presentation currency.

Yellow Brick Road Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 11  
1 Chifley Square  
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2018.

## Yellow Brick Road Holdings Limited

### Directors' report

31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Yellow Brick Road Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

#### Directors

The following persons were directors of Yellow Brick Road Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mark Bouris - Chairman  
Adrian Bouris  
Owen Williams  
John George  
Frank Ganis (resigned 18 January 2018)

#### Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Mortgage broking, aggregation and management services;
- Investment and wealth management services; and
- General insurance services.

#### Review of operations

The profit for the consolidated entity after providing for income tax amounted to \$234,000 (31 December 2016: \$393,000).

Earnings before interest expense, tax, depreciation and amortisation ('EBITDA') after excluding other non-operating expenses for the consolidated entity ('Underlying EBITDA') was a profit of \$2,099,000 (2016: \$3,075,000). This is calculated as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax	234	393
Add: Depreciation and amortisation	1,225	1,419
Add: Interest expense	346	411
Less: Income tax expense/(benefit)	294	(108)
EBITDA	2,099	2,115
Add: Other non-operating expenses - cash and non-cash *	-	733
Add: Loss on disposal of assets classified as held for sale	-	227
Underlying EBITDA	<u>2,099</u>	<u>3,075</u>

\* Other non-operating expenses - cash and non-cash, represent one-off acquisition costs and are considered non-operating in nature.

Key features of Underlying EBITDA result were:

- Revenue from continuing operations increased by 4.5% to \$110,270,000 (2016: \$105,477,000)
- Underlying loan book size increased by 4.6% to \$46,143 million (June 2017: \$44,075 million)
- Embedded loan book value increased by 0.2% to \$50.0 million (June 2017: \$49.9 million)
- Embedded loan book value per ordinary share is 17.73 cents (2016: 16.41 cents)
- Underlying funds under management increased by 27% to \$1,446 million (June 2017: \$1,138 million)
- Premiums under management increased by 6.7% to \$17.56 million (June 2017: \$16.45 million)

More in-depth analysis of performance and strategy will be included with the investor update which will be released in conjunction with the half-year report.

#### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Yellow Brick Road Holdings Limited**

**Directors' report**

**31 December 2017**

**Rounding of amounts**

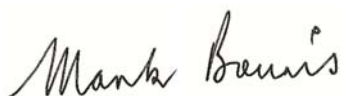
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Mark Bouris  
Executive Chairman

23 February 2018  
Sydney

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## Auditor's Independence Declaration to the Directors of Yellow Brick Road Holdings Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Yellow Brick Road Holdings Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd  
Chartered Accountants



Madeleine Mattera  
Partner – Audit & Assurance

Sydney, 23 February 2018

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**Yellow Brick Road Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2017**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from continuing operations</b>	3	110,270	105,477
Share of profits of joint ventures accounted for using the equity method		891	632
<b>Expenses</b>			
Commissions and consultancy expenses		(87,575)	(84,302)
Employee benefits expense		(8,389)	(8,410)
Depreciation and amortisation expense	4	(1,225)	(1,419)
Operating expenses		(5,898)	(5,487)
Occupancy expenses		(824)	(753)
Other non-operating expenses	4	-	(733)
Finance costs	4	(6,722)	(4,509)
<b>Profit before income tax (expense)/benefit from continuing operations</b>		528	496
Income tax (expense)/benefit		(294)	108
<b>Profit after income tax (expense)/benefit from continuing operations</b>		234	604
Loss after income tax expense from discontinued operations	5	-	(211)
<b>Profit after income tax (expense)/benefit for the half-year attributable to the owners of Yellow Brick Road Holdings Limited</b>		234	393
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of available-for-sale financial assets, net of tax		19	79
Other comprehensive income for the half-year, net of tax		19	79
<b>Total comprehensive income for the half-year attributable to the owners of Yellow Brick Road Holdings Limited</b>		<b>253</b>	<b>472</b>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		253	683
Discontinued operations		-	(211)
		<b>253</b>	<b>472</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Yellow Brick Road Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2017**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit from continuing operations attributable to the owners of Yellow Brick Road Holdings Limited</b>			
Basic earnings per share	17	0.083	0.215
Diluted earnings per share	17	0.083	0.214
<b>Earnings per share for loss from discontinued operations attributable to the owners of Yellow Brick Road Holdings Limited</b>			
Basic earnings per share	17	-	(0.075)
Diluted earnings per share	17	-	(0.075)
<b>Earnings per share for profit attributable to the owners of Yellow Brick Road Holdings Limited</b>			
Basic earnings per share	17	0.083	0.140
Diluted earnings per share	17	0.083	0.139

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Yellow Brick Road Holdings Limited**  
**Statement of financial position**  
**As at 31 December 2017**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,175	5,073
Trade and other receivables	6	77,377	74,930
Deposits		470	469
Other	7	2,183	2,042
		<u>84,205</u>	<u>82,514</u>
Non-current assets classified as held for sale	9	208	-
Total current assets		<u>84,413</u>	<u>82,514</u>
<b>Non-current assets</b>			
Trail commission receivables		230,087	217,853
Investments accounted for using the equity method		130	130
Available-for-sale financial assets		373	353
Property, plant and equipment	10	604	657
Intangibles	11	35,292	34,681
Other		1,468	1,907
Total non-current assets		<u>267,954</u>	<u>255,581</u>
<b>Total assets</b>		<u>352,367</u>	<u>338,095</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	74,874	71,616
Borrowings		852	251
Provisions		2,183	2,582
Total current liabilities		<u>77,909</u>	<u>74,449</u>
<b>Non-current liabilities</b>			
Borrowings		7,778	8,320
Deferred tax		3,684	3,390
Provisions		164	157
Trail commissions payables		189,025	178,463
Total non-current liabilities		<u>200,651</u>	<u>190,330</u>
<b>Total liabilities</b>		<u>278,560</u>	<u>264,779</u>
<b>Net assets</b>		<u>73,807</u>	<u>73,316</u>
<b>Equity</b>			
Issued capital	13	109,891	109,792
Reserves		2,387	2,229
Accumulated losses		<u>(38,471)</u>	<u>(38,705)</u>
<b>Total equity</b>		<u>73,807</u>	<u>73,316</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Yellow Brick Road Holdings Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2017**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2016	109,672	1,740	(39,740)	71,672
Profit after income tax benefit for the half-year	-	-	393	393
Other comprehensive income for the half-year, net of tax	-	79	-	79
Total comprehensive income for the half-year	-	79	393	472
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	45	-	-	45
Share-based payments	-	190	-	190
Balance at 31 December 2016	<u>109,717</u>	<u>2,009</u>	<u>(39,347)</u>	<u>72,379</u>
<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2017	109,792	2,229	(38,705)	73,316
Profit after income tax expense for the half-year	-	-	234	234
Other comprehensive income for the half-year, net of tax	-	19	-	19
Total comprehensive income for the half-year	-	19	234	253
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	99	-	-	99
Share-based payments	-	139	-	139
Balance at 31 December 2017	<u>109,891</u>	<u>2,387</u>	<u>(38,471)</u>	<u>73,807</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Yellow Brick Road Holdings Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2017**

Note	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	105,168	100,299
Payments to suppliers and employees (inclusive of GST)	(104,073)	(102,915)
	1,095	(2,616)
Interest received	24	18
Interest and other finance costs paid	(286)	(320)
Net cash from/(used in) operating activities	833	(2,918)
<b>Cash flows from investing activities</b>		
Payment for expenses relating to acquisitions	-	(217)
Payments for property, plant and equipment	10 (43)	(94)
Payments for intangibles	11 (1,948)	(653)
Proceeds from disposal of business	8 260	1,932
Net cash from/(used in) investing activities	(1,731)	968
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	1,057
Net cash from financing activities	-	1,057
Net decrease in cash and cash equivalents	(898)	(893)
Cash and cash equivalents at the beginning of the financial half-year	5,073	6,854
Cash and cash equivalents at the end of the financial half-year	<u>4,175</u>	<u>5,961</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### *Estimates*

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## **Note 2. Operating segments**

### *Identification of reportable operating segments*

The consolidated entity has identified that there are two operating segments based on the internal reports that are reviewed and used by the Executive Chairman and the Board (collectively referred to as the Chief Operating Decision Makers ('CODM')) in assessing business performance and in determining the allocation of resources.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or services;
- the distribution method; and
- any external regulatory requirements.

The CODM reviews various revenue and operating result metrics for each segment.

The information reported to the CODM is on at least a monthly basis.

### *Types of products and services*

The principal products and services provided by these segments are;

Lending	includes the rendering of mortgage broking services and aggregation and management services.
Wealth management	includes the rendering of investment and wealth management services and general insurance services.

### *Geographical information*

All revenue was derived from customers in Australia and all non-current assets were held in Australia.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 2. Operating segments (continued)**

*Operating segment information*

	Lending \$'000	Wealth Management \$'000	Other segments \$'000	Total \$'000
<b>Consolidated - 31 Dec 2017</b>				
<b>Revenue</b>				
Sales to external customers	97,118	5,607	-	102,725
Other revenue	7,523	-	22	7,545
<b>Total revenue</b>	<u>104,641</u>	<u>5,607</u>	<u>22</u>	<u>110,270</u>
<b>Profit before income tax expense</b>				528
Income tax expense				(294)
<b>Profit after income tax expense</b>				<u>234</u>
<b>Consolidated - 31 Dec 2016</b>				
<b>Revenue</b>				
Sales to external customers from continuing operations	94,868	5,425	-	100,293
Sales to external customers from discontinued operations	-	-	161	161
Total sales revenue	<u>94,868</u>	<u>5,425</u>	<u>161</u>	<u>100,454</u>
Other revenue	5,160	-	24	5,184
<b>Total revenue</b>	<u>100,028</u>	<u>5,425</u>	<u>185</u>	<u>105,638</u>
<b>Profit before income tax benefit</b>				285
Income tax benefit				108
<b>Profit after income tax benefit</b>				<u>393</u>

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>From continuing operations</b>		
<i>Sales revenue</i>		
Lending	97,118	94,868
Wealth management	5,607	5,425
	<u>102,725</u>	<u>100,293</u>
<i>Other revenue</i>		
Interest	22	24
Discount unwind on trail commission receipts	7,523	5,160
	<u>7,545</u>	<u>5,184</u>
Revenue from continuing operations	<u>110,270</u>	<u>105,477</u>

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 4. Expenses**

**Consolidated**  
**31 Dec 2017    31 Dec 2016**  
**\$'000            \$'000**

Profit before income tax from continuing operations includes the following specific expenses:

*Depreciation*

Leasehold improvements	18	61
Office equipment	78	64

Total depreciation	96	125
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*Amortisation*

Customer relationships	546	512
Brands	61	332
Software	305	267
Other intangibles	217	183

Total amortisation	1,129	1,294
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Total depreciation and amortisation	1,225	1,419
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*Other non-operating expenses*

Acquisition and integration expenses	-	733
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*Finance costs*

Interest and finance charges paid/payable	346	411
Discount unwind on trail commission payments	6,376	4,098

Finance costs expensed	6,722	4,509
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Marketing expenses	1,926	1,862
Consultancy expenses	616	719

**Note 5. Discontinued operations**

*Financial performance information*

**Consolidated**  
**31 Dec 2017    31 Dec 2016**  
**\$'000            \$'000**

Revenue		
Non-branch: Professional services	-	161

Expenses

Commissions and consultancy expenses	-	(12)
Employee benefits expense	-	(175)
Operating expenses	-	42
Loss on disposal of assets classified as held for sale	-	(227)
Total expenses	-	(372)

Loss before income tax expense	-	(211)
Income tax expense	-	-

Loss after income tax expense from discontinued operations	-	(211)
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**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 5. Discontinued operations (continued)**

Refer to Note 8 for further details.

**Note 6. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	2,228	1,748
Less: Provision for impairment of receivables	(321)	(321)
	<u>1,907</u>	<u>1,427</u>
Other receivables	16,917	16,330
Trail commission receivables	<u>58,553</u>	<u>57,173</u>
	<u><u>77,377</u></u>	<u><u>74,930</u></u>

**Note 7. Current assets - other**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	2,162	2,021
Other	<u>21</u>	<u>21</u>
	<u><u>2,183</u></u>	<u><u>2,042</u></u>

**Note 8. Current assets - assets of disposal groups classified as held for sale**

On 23 September 2016, the sale of the accounting business was completed. The purchase price totalled approximately \$1,932,000 and was received in cash on completion date. A further \$2,750,000 is receivable over the next 5 years subject to payment set-off arrangements relating to the receipt of accounting services in the future.

The total loss on the sale of the practice was \$227,000 (Refer to note 5).

During the year ended 30 June 2017; net assets of \$5,038,574 including goodwill were sold as part of the sale agreements. The assets included trade receivables of \$1,382,000, provision for impairment of \$675,000, work in progress of \$207,000 and a liability for employee benefits of \$109,000.

**Note 9. Current assets - non-current assets classified as held for sale**

The Board has decided to sell the "Brightday Website" and the conditions of the sale are in progress between the parties.

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Software	<u>208</u>	<u>-</u>

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 10. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Leasehold improvements - at cost	1,326	1,326
Less: Accumulated depreciation	(1,114)	(1,096)
	<u>212</u>	<u>230</u>
Office equipment - at cost	2,465	2,422
Less: Accumulated depreciation	(2,073)	(1,995)
	<u>392</u>	<u>427</u>
	<u><u>604</u></u>	<u><u>657</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>Leasehold improvements \$'000</b>	<b>Office equipment \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2017	230	427	657
Additions	-	43	43
Depreciation expense	(18)	(78)	(96)
Balance at 31 December 2017	<u><u>212</u></u>	<u><u>392</u></u>	<u><u>604</u></u>

**Note 11. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill - at cost	23,548	23,548
Customer relationships- at cost	8,472	8,472
Less: Accumulated amortisation	(3,440)	(2,894)
	<u>5,032</u>	<u>5,578</u>
Brands - at cost	2,139	2,139
Less: Accumulated amortisation	(1,100)	(1,039)
	<u>1,039</u>	<u>1,100</u>
Software - at cost	6,515	4,919
Less: Accumulated amortisation	(2,197)	(1,892)
	<u>4,318</u>	<u>3,027</u>
Other intangible assets - at cost	2,293	2,273
Less: Accumulated amortisation	(938)	(845)
	<u>1,355</u>	<u>1,428</u>
	<u><u>35,292</u></u>	<u><u>34,681</u></u>

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 11. Non-current assets - intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	Goodwill \$'000	Customer relationships \$'000	Brands \$'000	Software \$'000	Other \$'000	Total \$'000
Balance at 1 July 2017	23,548	5,578	1,100	3,027	1,428	34,681
Additions	-	-	-	1,948	-	1,948
Classified as held for sale (note 9)	-	-	-	(208)	-	(208)
Amortisation expense	-	(546)	(61)	(305)	(217)	(1,129)
Balance at 31 December 2017	<u>23,548</u>	<u>5,032</u>	<u>1,039</u>	<u>4,462</u>	<u>1,211</u>	<u>35,292</u>

**Note 12. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2017 \$'000</b>	<b>30 Jun 2017 \$'000</b>
Trade payables	18,664	18,479
Trail commission payables	49,605	46,703
Accrued expenses	1,739	1,191
Income received in advance	597	735
Underwriter payables	279	347
Other payables	3,990	4,161
	<u>74,874</u>	<u>71,616</u>

**Note 13. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 Dec 2017 Shares</b>	<b>30 Jun 2017 Shares</b>	<b>31 Dec 2017 \$'000</b>	<b>30 Jun 2017 \$'000</b>
Ordinary shares - fully paid	<u>282,104,929</u>	<u>281,522,254</u>	<u>109,891</u>	<u>109,792</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2017	281,522,254		109,792
Shares issued to employees	24 October 2017	582,675	\$0.17	99
Balance	31 December 2017	<u>282,104,929</u>		<u>109,891</u>

**Note 14. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 15. Fair value measurement**

*Fair value hierarchy*

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

<b>Consolidated - 31 Dec 2017</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Available-for-sale financial assets	373	-	-	373
Total assets	373	-	-	373

<b>Consolidated - 30 Jun 2017</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Available-for-sale financial assets	353	-	-	353
Total assets	353	-	-	353

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

The carrying values of other financial assets and financial liabilities presented in these financial statements represent a reasonable approximation of fair value.

**Note 16. Contingent liabilities**

The consolidated entity has given bank guarantees as at 31 December 2017 of \$1,199,000 (30 June 2017:\$1,199,000).

**Note 17. Earnings per share**

	<b>Consolidated 31 Dec 2017 \$'000</b>	<b>31 Dec 2016 \$'000</b>
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax attributable to the owners of Yellow Brick Road Holdings Limited	234	604
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	281,740,757	281,111,851
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	963,454	963,454
Weighted average number of ordinary shares used in calculating diluted earnings per share	282,704,211	282,075,305
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.083	0.215
Diluted earnings per share	0.083	0.214

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2017**

**Note 17. Earnings per share (continued)**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for loss from discontinued operations</i>		
Loss after income tax attributable to the owners of Yellow Brick Road Holdings Limited	-	(211)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	281,740,757	281,111,851
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	963,454	963,454
Weighted average number of ordinary shares used in calculating diluted earnings per share	282,704,211	282,075,305
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	-	(0.075)
Diluted earnings per share	-	(0.075)
	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Earnings per share for profit</i>		
Profit after income tax attributable to the owners of Yellow Brick Road Holdings Limited	234	393
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	281,740,757	281,111,851
Adjustments for calculation of diluted earnings per share:		
Performance rights over ordinary shares	963,454	963,454
Weighted average number of ordinary shares used in calculating diluted earnings per share	282,704,211	282,075,305
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.083	0.140
Diluted earnings per share	0.083	0.139

The 5,138,958 performance options granted to Nine Entertainment Group (Nine) and held by Pink Platypus Pty Ltd were not exercised by it and have expired, effective 30 September 2017.

The 10,000,000 options granted to Golden Wealth Holdings Pty Ltd. (GWH) are not included in the calculation of diluted earnings per share because they are antidilutive for the half-year ended 31 December 2017. These options could potentially dilute basic earnings per share in the future.

**Note 18. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Yellow Brick Road Holdings Limited**  
**Directors' declaration**  
**31 December 2017**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Mark Bouris  
Executive Chairman

23 February 2018  
Sydney

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## Independent Auditor's Review Report To the Members of Yellow Brick Road Holdings Limited

### Report on the Half Year Financial Report

#### Conclusion

We have reviewed the accompanying half year financial report of Yellow Brick Road Holdings Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Yellow Brick Road Holdings Limited does not give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

#### Directors Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Yellow Brick Road Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Grant Thornton Audit Pty Ltd  
Chartered Accountants



Madeleine Mattera  
Partner - Audit & Assurance  
Sydney, 23 February 2018