

**Lodged by ASX Online**

27 April 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 March 2018.

#### **EXECUTIVE SUMMARY**

Highlights for the 3 months ended 31 March 2018 are as follows (with comparisons to the same quarter last financial year):

- The Operating cash surplus has improved by \$0.64m to \$1.10m (Q3 FY2017: \$0.46m)
- Receipts from Wealth increased by 33% to \$3.99m (Q3 FY2017: \$2.97m)
- Operating cash outflows improved by 11% (\$0.82m) to \$6.97m (Q3 FY2017: \$7.79m)
- Underlying Loan Book increased by 9% to \$46.5b (Q3 FY2017 \$42.5b)
- Underlying Funds Under Management (FUM) increased by 16% to \$1.48b \* (Q3 FY2017 \$1.28b)
- Premiums Under Management (PUM) increased by 24% to \$19.9m (Q3 FY2017 \$16.1m)

The Company continued to invest (\$0.66m in Q3 FY2018) in enhancements to operational platforms. During the quarter the Company released its new, industry leading, Lending Platform (Vownet) and its new Professional Development (PD) platform. The PD platform will create additional revenue streams and streamline compliance and assurance within the business.

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

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**Yellow Brick Road Holdings Limited | ABN 44 119 436 083**

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Summary of operating cash flows (\$m)	Q3 FY 2017 (PCP)	Q3 FY 2018	Q3 FY18 vs PCP \$ Change (+ ve is favourable)	Q3 FY18 vs PCP % Change (+ ve is favourable)
Receipts from customers	50.39	48.64	(1.75)	(3%)
Branch and supplier pay away	(42.14)	(40.62)	1.52	4%
<b>Surplus of receipts over direct costs</b>	<b>8.25</b>	<b>8.02</b>	<b>(0.23)</b>	<b>(3%)</b>
Marketing	(0.80)	(0.63)	0.17	21%
Other operating	(6.96)	(6.34)	0.63	9%
<b>Underlying operating cash outflows</b>	<b>(7.76)</b>	<b>(6.97)</b>	<b>0.79</b>	<b>10%</b>
Acquisition & integration costs	(0.03)	-	0.03	100%
<b>Total operating cash outflows</b>	<b>(7.79)</b>	<b>(6.97)</b>	<b>0.83</b>	<b>11%</b>
<b>Reported operating deficit/surplus</b>	<b>0.46</b>	<b>1.06</b>	<b>0.60</b>	<b>130%</b>

At 31 March 2018, the Company holds \$4.6m in cash and cash equivalents, and \$0.5m 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 Limited

### Summary

The reported net operating cash surplus for Q3 FY2018 is \$1.06m (Q2 FY2018: \$1.22m).

As at 31 March 2018, the Company has \$4.56m in cash and \$9.20m in borrowing facilities (\$8.65m drawn and \$0.55m undrawn).

### Operating Cash Receipts

Receipts from customers decreased by 6% to \$48.64m (Q2 FY2018 \$51.96m). Settlement volume of \$3.0b was 24% lower than last quarter (Q2 FY2018: \$3.9b). Most of this decline is due to seasonal variation in low margin Vow settlements which is consistent with prior year trends (Q3 FY2016 25% and Q3 FY2017 15%).

The surplus in receipts from customers, after branch and supplier pay away (Net Receipts), is stable at \$8.02m (Q2 FY2018 \$8.03m).

### Operating Cash Outflows

Operating cash outflows, excluding branch and broker share of revenue, increased by \$0.16m (2%) to \$6.97m (Q2 FY2018 \$6.81m).

### Cash flows from Investment Activities

The Company is continuing investment to develop and enhance key operational platforms. In Q3 FY2018 total investment in assets was \$0.66m, bringing total investment for FY2018 to \$2.6m. These strategic initiatives support future growth in profitability across the Company's distribution networks. Highlights for Q3 FY2018 were:

- **Vow Lending Platform:** Industry-leading functionality for the Vow network. The platform was released to the network in Q3 FY2018 with implementation expected to be completed in Q4 FY2018.
- **Professional Development Platform:** A fee for service initiative to enhance training, development, risk and compliance programs throughout the Company's distribution network. The platform went live in Q3 FY2017 and is now fully operational.

Key Cash Outcomes	Q3 FY2018	Chg. Vs Q2 FY2018
Gross Receipts	\$48.6m	-6%
Net Receipts	\$8.02m	-
Other Op. O'flows	\$7.0m	-2%
Operating surplus	\$1.1m	-13%
Cash and investments at call	\$4.6m	10%

Key Operating Outcomes	Q3 FY2018	Chg. Vs Q2 FY2018
Settlements	\$3.0b	- 24%
Underlying Mortgage Book	\$46b	-
Underlying FUM*	\$1.48b	+ 2%
PUM	\$19.9m	+ 13%

\*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 March 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	48,642	153,807
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(40,618)	(129,479)
(c) advertising and marketing	(631)	(2,378)
(d) leased assets	-	-
(e) staff costs	(3,377)	(9,133)
(f) administration and corporate costs	(2,838)	(10,575)
(g) net payment to insurance underwriters on behalf of clients <sup>(1)</sup>	20	53
1.3 Dividends received (see note 3)		
1.4 Interest received	10	34
1.5 Interest and other costs of finance paid	(150)	(436)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,058</b>	<b>1,893</b>

+ See chapter 19 for defined terms

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
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(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 were less than receipts from clients by \$20,000.

	Net operating cash flows (carried forward)	1,058	1,893
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(9)	(52)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(662)	(2,611)
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) <sup>3</sup>	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(671)</b>	<b>(2,403)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	-	-

+ See chapter 19 for defined terms

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	-

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,175	5,072
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,058	1,893
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(671)	(2,403)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,562</b>	<b>4,562</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	4,562	4,175
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,562</b>	<b>4,175</b>

6. <b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1      Aggregate amount of payments to these parties included in item 1.2	56
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	
-      Directors' fees \$56,250	

7. <b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1      Aggregate amount of payments to these parties included in item 1.2	158
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 \$158,125 (inc GST) covering consultancy fees during the period.	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1      Loan facilities	9,200	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.		
<p>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%.</p> <p>The Company has secured bank overdraft facilities with CBA. The company pays interest at overdraft index rate less 2.00%.</p>		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs *	(43,000)
9.3 Advertising and marketing	(550)
9.4 Leased assets	-
9.5 Staff costs	(2,500)
9.6 Administration and corporate costs	(3,750)
9.7 Other (provide details if material)	(400)
<b>9.8 Total estimated cash outflows</b>	<b>(50,200)</b>

\* 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: 27 April 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.