

Lodged by ASX Online

30 July 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 30 June 2018.

EXECUTIVE SUMMARY

For the 12 months ended 30 June 2018 the Company generated an operating cash surplus of \$2.45m, being a \$4.77m improvement on last year (FY2017 deficit \$2.32m). This result was attributable to a \$2.71m (1.3%) increase in receipts from customers to \$203.70m (FY2017 \$200.99m) and a \$3.87m (11%) reduction in operating cash outflows (excluding branch and supplier pay away) to \$31.29m (FY2017 \$35.16m)

Highlights for the 3 months ended 30 June 2018 are as follows (with comparisons to the same quarter last financial year):

- The operating cash surplus improved by \$0.42m to \$0.55m (Q4 FY2017: \$0.13m)
- Operating cash outflows increased by 10% (\$0.79m) to \$8.86m (Q4 FY2017: \$8.07m)
- Underlying Loan Book increased by 7% to \$47.6b (Q4 FY2017 \$44.6b)
- Underlying Funds Under Management (FUM) increased by 31% to \$1.50b * (Q4 FY2017 \$1.14b)
- Premiums Under Management (PUM) increased by 10% to \$18.2m (Q4 FY2017 \$16.6m).

The Company continued to invest (\$0.79m in Q4 FY2018) in enhancements to operational platforms.

*excludes \$0.45b of institutional funds in SMI that sit outside YBR's 50% interest in assets under management. Total SMI is \$1.35b.

Summary of operating cash flows (\$m)	FY 2017	FY2018	\$ Change (+ ve is favourable)	% Change (+ ve is favourable)	Q4 FY 2017 (PCP)	Q4 FY 2018	vs PCP \$ Change (+ ve is favourable)	vs PCP % Change (+ ve is favourable)
Receipts from customers	200.99	203.70	2.71	1.3%	50.29	49.89	(0.40)	(1%)
Branch and supplier pay away	(168.14)	(169.96)	(1.82)	-1.1%	(42.09)	(40.48)	1.61	4%
Surplus of receipts over direct costs	32.85	33.74	0.89	2.7%	8.20	9.41	1.21	15%
Marketing	(4.57)	(3.61)	0.96	21.0%	(0.62)	(1.23)	(0.61)	(100%)
Other operating	(30.60)	(27.68)	2.91	9.5%	(7.45)	(7.63)	(0.17)	(2%)
Total operating cash outflows	(35.16)	(31.29)	3.87	11.0%	(8.07)	(8.86)	(0.79)	(10%)
Reported operating deficit/surplus	(2.32)	2.45	4.76		0.13	0.55	0.42	318%

At 30 June 2018, the Company holds \$5.4m in cash and cash equivalents, and \$0.3m in undrawn finance facilities (total available cash \$5.7m).

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 Q4 FY2018 is \$0.55m (Q3 FY2018: \$1.06m).

As at 30 June 2018, the Company has \$5.42m in cash and \$8.95m in borrowing facilities (\$8.65m drawn and \$0.30m undrawn).

Operating Cash Receipts

Receipts from customers increased by 3% to \$49.9m (Q3 FY2018 \$48.6m). Settlement volume of \$3.0b was the same as last quarter (Q3 FY2018: \$3.0b).

The surplus in receipts from customers, after branch and supplier pay away (Net Receipts), has increased by 17% to \$9.41m (Q3 FY2018 \$8.02m).

Operating Cash Outflows

Operating cash outflows, excluding branch and broker share of revenue, increased by \$1.9m (27%) to \$8.86m (Q3 FY2018 \$6.97m). This is attributable to a \$0.6m increase in marketing costs and the timing of payments for other suppliers.

Cash flows from Investment Activities

The Company is continuing investment to develop and enhance key operational platforms. In Q4 FY2018 total investment in assets was \$0.79m, bringing total investment for FY2018 to \$3.45m

Inflows from investment activities included \$1.07m deferred consideration received, relating to the September 2016 sale of Yellow Brick Road Accounting and Wealth Management Pty Ltd.

Key Cash Outcomes	Q4 FY2018	Chg. Vs Q3 FY2018
Gross Receipts	\$49.9m	3%
Net Receipts	\$9.41m	17%
Other Op. O'flows	\$8.9m	27%
Operating surplus	\$0.6m	-48%
Cash and investments at call	\$5.4m	19%

Key Operating Outcomes	Q4 FY2018	Chg. Vs Q3 FY2018
Settlements	\$3.0b	-
Underlying Mortgage Book	\$48b	2%
Underlying FUM*	\$1.50b	+ 1%
PUM	\$18.2m	+ 1%

*excludes \$0.45b of institutional funds in SMI that sit outside YBR's 50% interest in assets under management. Total SMI is \$1.35b.

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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	49,889	203,696
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(40,477)	(169,956)
(c) advertising and marketing	(1,230)	(3,608)
(d) leased assets		
(e) staff costs	(3,434)	(12,567)
(f) administration and corporate costs	(4,061)	(14,636)
(g) net payment to insurance underwriters on behalf of clients ⁽¹⁾	9	62
1.3 Dividends received (see note 3)		
1.4 Interest received	21	55
1.5 Interest and other costs of finance paid	(162)	(598)
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	555	2,448

+ See chapter 19 for defined terms

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12months) \$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 \$9,000.

	Net operating cash flows (carried forward)	555	2,448
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(18)	(70)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	(772)	(3,383)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)	23	23
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	1,065	1,325
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	298	(2,105)

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	-	-

+ See chapter 19 for defined terms

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12months) \$A'000
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

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	4,562	5,072
4.2	Net cash from / (used in) operating activities (item 1.9 above)	555	2,448
4.3	Net cash from / (used in) investing activities (item 2.6 above)	298	(2,105)
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	5,415	5,415

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	5,415	4,562
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)	5,415	4,562

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	58
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 \$58,125	

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	213
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 \$213,125 (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	8,950	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>		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs *	(44,245)
9.3 Advertising and marketing	(1,530)
9.4 Leased assets	-
9.5 Staff costs	(3,100)
9.6 Administration and corporate costs	(3,950)
9.7 Other (provide details if material)	(1,050)
9.8 Total estimated cash outflows	(53,875)

* 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 July 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.

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