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26 February 2016

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

Dear Sir/Madam

APPENDIX 4D: HALF YEARLY REPORT

Yellow Brick Road Holdings Limited ("**Yellow Brick Road**") (ASX:YBR) has announced the company's results for the half year to 31 December 2015.

Yellow Brick Road has identified an opportunity to take significant market share off the banks and is investing to capitalise on this. In the six months to 31 December 2015, marketing spend was up behind sponsorship of Celebrity Apprentice IV. This investment drove lending growth at 3.5 times market resulting in a share of market settlements of 4.3% up from 3.3% in 1H15. The resulting scale will drive future profitability.

In the six months to 31 December 2015, Gross profit increased 44%. The financial results for the half reflect this increased revenue offset by the marketing investment. Key financial highlights are

- 96% increase in Revenue from \$59.2m to \$116.0m
- 44% improvement in Gross profit from \$11.9m to \$17.1m
- Underlying EBITDA deficit increased from \$0.5m to \$1.9m

The half year Underlying EBITDA result comes after a \$1.3m positive result for the 12 months to 30 June 2015. The decision to invest in future growth, rather than short term return, is an integral part of the company's strategy to become Australia's leading non- bank financial services company by 2020.

More in depth analysis of performance and strategy is include with the Investor update which has been released in conjunction with this Half Yearly Report.

Yours sincerely,

A handwritten signature in black ink that reads 'Mark Bouris'.

Mark Bouris
Executive Chairman
Yellow Brick Road Holdings

Yellow Brick Road Holdings Limited | ABN 44 119 436 083

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 2015
Previous period:	For the half-year ended 31 December 2014

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	95.9% to	116,026
Loss from ordinary activities after tax attributable to the owners of Yellow Brick Road Holdings Limited	down	4.8% to	(4,052)
Loss for the half-year attributable to the owners of Yellow Brick Road Holdings Limited	down	4.8% to	(4,052)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$4,052,000 (31 December 2014: \$4,257,000).

Further information on the review of operations is detailed in the Directors' report attached as part of the interim financial statements.

Underlying earnings before interest expense, tax, depreciation and amortisation ('EBITDA') and excluding other non-operating expenses and underlying loan book revaluation adjustment for the consolidated entity was a loss of \$1,959,000 (2014: \$494,000). This is calculated as follows:

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Loss after income tax	(4,052)	(4,257)
Add: Depreciation and amortisation	980	674
Add: Interest expense	413	336
Less: Income tax benefit	(1,893)	(3,017)
EBITDA	(4,552)	(6,264)
Add: Other non-operating expenses - cash and non-cash	2,593	5,770
Underlying EBITDA	(1,959)	(494)

Other non-operating expenses includes: (i) \$785,000 (2014: \$5,770,000) of costs of acquisition and subsequent integration of Vow and Resi, and the expensing of associated fund raising costs not deductible against equity under the relevant accounting standard; and (ii) revaluation of underlying loan book of \$1,808,000 (2014: \$nil). Run off assumptions used in valuing the consolidated entity's underlying loan book were revised to reflect changes in market trends. This resulted in a \$26,485,000 reduction in the value of trail income receivable offset by a \$24,677,000 reduction in the value of trail commission payable, net of \$1,808,000.

Yellow Brick Road Holdings Limited
Appendix 4D
Half-year report

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	13.33	14.70

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Smarter Money Investments Pty Ltd	50.00%	50.00%	142,000	189,000
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			142,000	189,000
Income tax on operating activities			-	-

9. Foreign entities

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

Not applicable.

Yellow Brick Road Holdings Limited
Appendix 4D
Half-year report

10. 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 Directors' report and interim financial statements.

11. Attachments

Details of attachments (if any):

The Directors' report and interim financial statements of Yellow Brick Road Holdings Limited for the half-year ended 31 December 2015 is attached.

12. Signed



Signed _____

Date: 26 February 2016

Mark Bouris
Executive Chairman
Sydney

Yellow Brick Road Holdings Limited

ABN 44 119 436 083

**Directors' report and interim financial statements - 31
December 2015**

Yellow Brick Road Holdings Limited

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31 December 2015

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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 26 February 2016.

Yellow Brick Road Holdings Limited**Directors' report****31 December 2015**

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 2015.

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
 Melanie Kansil

Principal activities

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

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$4,052,000 (31 December 2014: \$4,257,000).

Underlying earnings before interest expense, tax, depreciation and amortisation ('EBITDA') and excluding other non-operating expenses and underlying loan book revaluation adjustment for the consolidated entity was a loss of \$1,959,000 (2014: \$494,000). This is calculated as follows:

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Loss after income tax	(4,052)	(4,257)
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Add: Interest expense	413	336
Less: Income tax benefit	(1,893)	(3,017)
EBITDA	(4,552)	(6,264)
Add: Other non-operating expenses - cash and non-cash	2,593	5,770
Underlying EBITDA	<u>(1,959)</u>	<u>(494)</u>

The December 2014 result incorporates four months of trading for Resi Mortgage Corporation Pty Ltd ('Resi') and Vow Financial Holdings Pty Ltd ('Vow'), acquired on 29 August 2014.

- Revenue increased by 95.9% to \$116,026,000 (2014: \$59,242,000)
- Other non-operating expenses includes: (i) \$785,000 (2014: \$5,770,000) of costs of acquisition and subsequent integration of Vow and Resi, and the expensing of associated fund raising costs not deductible against equity under the relevant accounting standard; and (ii) revaluation of underlying loan book of \$1,808,000 (2014: \$nil). Run off assumptions used in valuing the consolidated entity's underlying loan book were revised to reflect changes in market trends. This resulted in a \$26,485,000 reduction in the value of trail income receivable offset by a \$24,677,000 reduction in the value of trail commission payable, net of \$1,808,000.

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.

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Yellow Brick Road Holdings Limited
Directors' report
31 December 2015

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 on the following page.

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

A handwritten signature in black ink, appearing to read 'Mark Bouris', with a small mark above the 'i'.

Mark Bouris
Executive Chairman

26 February 2016
Sydney

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Sydney NSW 2000

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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 2015, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Madeleine Mattera

Madeleine Mattera
Partner - Audit & Assurance

Sydney, 26 February 2016

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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 2015

		Consolidated	
	Note	31 Dec 2015	31 Dec 2014
		\$'000	\$'000
Revenue	3	116,026	59,242
Share of profits of joint ventures accounted for using the equity method		142	189
Expenses			
Commissions and consultancy expenses		(93,078)	(44,227)
Employee benefits expense		(9,579)	(6,687)
Depreciation and amortisation expense	4	(980)	(674)
Operating expenses		(8,475)	(5,199)
Occupancy expenses		(968)	(525)
Other non-operating expenses	4	(2,593)	(5,770)
Finance costs	4	(6,440)	(3,623)
Loss before income tax benefit		(5,945)	(7,274)
Income tax benefit		1,893	3,017
Loss after income tax benefit for the half-year attributable to the owners of Yellow Brick Road Holdings Limited		(4,052)	(4,257)
Other comprehensive income			
<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		-	76
Other comprehensive income for the half-year, net of tax		-	76
Total comprehensive income for the half-year attributable to the owners of Yellow Brick Road Holdings Limited		(4,052)	(4,181)
		Cents	Cents
Basic earnings per share	19	(1.46)	(1.69)
Diluted earnings per share	19	(1.46)	(1.69)

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 2015

		Consolidated	
	Note	31 Dec 2015	30 Jun 2015
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		6,608	10,784
Trade and other receivables	5	62,064	58,500
Other financial assets		466	466
Other	6	1,098	776
Total current assets		<u>70,236</u>	<u>70,526</u>
Non-current assets			
Trade and other receivables	7	169,326	171,504
Investments accounted for using the equity method		130	130
Available-for-sale financial assets		213	213
Property, plant and equipment	8	620	709
Intangibles	9	39,062	39,031
Other	10	1,773	2,479
Total non-current assets		<u>211,124</u>	<u>214,066</u>
Total assets		<u>281,360</u>	<u>284,592</u>
Liabilities			
Current liabilities			
Trade and other payables	11	57,648	52,118
Provisions		1,762	1,945
Total current liabilities		<u>59,410</u>	<u>54,063</u>
Non-current liabilities			
Borrowings		4,705	4,705
Deferred tax		1,706	3,598
Provisions		154	163
Other	12	139,206	142,143
Total non-current liabilities		<u>145,771</u>	<u>150,609</u>
Total liabilities		<u>205,181</u>	<u>204,672</u>
Net assets		<u>76,179</u>	<u>79,920</u>
Equity			
Issued capital	13	108,997	108,924
Reserves		1,446	1,208
Accumulated losses		(34,264)	(30,212)
Total equity		<u>76,179</u>	<u>79,920</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 2015

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2014	52,019	727	(27,658)	25,088
Loss after income tax benefit for the half-year	-	-	(4,257)	(4,257)
Other comprehensive income for the half-year, net of tax	-	76	-	76
Total comprehensive income for the half-year	-	76	(4,257)	(4,181)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	56,957	-	-	56,957
Share-based payments	-	256	-	256
Balance at 31 December 2014	108,976	1,059	(31,915)	78,120
Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2015	108,924	1,208	(30,212)	79,920
Loss after income tax benefit for the half-year	-	-	(4,052)	(4,052)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(4,052)	(4,052)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	73	-	-	73
Share-based payments	-	238	-	238
Balance at 31 December 2015	108,997	1,446	(34,264)	76,179

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 2015

		Consolidated	
	Note	31 Dec 2015	31 Dec 2014
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		95,297	54,176
Payments to suppliers and employees (inclusive of GST)		(98,400)	(57,916)
		(3,103)	(3,740)
Interest received		101	278
Interest and other finance costs paid		(245)	(296)
Net cash used in operating activities		(3,247)	(3,758)
Cash flows from investing activities			
Payments for purchase of businesses, net of cash acquired		-	(35,786)
Payments to acquire other investments		(322)	(546)
Payments for property, plant and equipment	8	(61)	(98)
Payments for intangibles	9	(862)	(937)
Net cash used in investing activities		(1,245)	(37,367)
Cash flows from financing activities			
Proceeds from issue of shares	13	-	42,050
Repayment of loans from related and other parties		316	-
Share issue transaction costs		-	(2,205)
Loan establishment costs		-	(202)
Net cash from financing activities		316	39,643
Net decrease in cash and cash equivalents		(4,176)	(1,482)
Cash and cash equivalents at the beginning of the financial half-year		10,784	12,114
Cash and cash equivalents at the end of the financial half-year		<u>6,608</u>	<u>10,632</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 2015 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 2015 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.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending 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 2015 and are not expected to have any significant impact for the full financial year ending 30 June 2016. Any new, revised or amending 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 metrics for each segment but not operating results which are only reviewed on a consolidated basis.

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 investment and wealth management services, general insurance services, accounting services and mortgage broking services and aggregation and management 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 2015

Note 2. Operating segments (continued)

Operating segment information

	Branch network \$'000	Professional services \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Consolidated - 31 Dec 2015				
Revenue				
Sales to external customers	106,560	2,061	-	108,621
Other revenue	7,301	-	104	7,405
Total revenue	113,861	2,061	104	116,026
Loss before income tax benefit				(5,945)
Income tax benefit				1,893
Loss after income tax benefit				(4,052)
Consolidated - 31 Dec 2014				
Revenue				
Sales to external customers	52,897	2,318	-	55,215
Other revenue	3,828	-	199	4,027
Total revenue	56,725	2,318	199	59,242
Loss before income tax benefit				(7,274)
Income tax benefit				3,017
Loss after income tax benefit				(4,257)

Note 3. Revenue

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
<i>Sales revenue</i>		
Branch network	106,560	52,897
Non-branch: Professional services	2,061	2,318
	108,621	55,215
<i>Other revenue</i>		
Dividends	-	4
Interest	104	195
Discount unwind on trail commission receipts	7,301	3,828
	7,405	4,027
Revenue	116,026	59,242

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2015

Note 4. Expenses

Consolidated
31 Dec 2015 31 Dec 2014
\$'000 \$'000

Loss before income tax includes the following specific expenses:

Depreciation

Leasehold improvements	53	61
Office equipment	97	70

Total depreciation	150	131
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Amortisation

Customer relationships	495	352
Brands	111	-
Software	196	163
Other intangibles	28	28

Total amortisation	830	543
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Total depreciation and amortisation	980	674
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Other non-operating expenses

Acquisition and integration expenses	785	1,570
Share-based payments expense (refer note 17)	-	4,200
Revaluation of underlying loan book	1,808	-

Total non-operating expenses	2,593	5,770
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Finance costs

Interest and finance charges paid/payable	413	336
Discount unwind on trail commission payments	6,027	3,287

Finance costs expensed	6,440	3,623
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Marketing expenses	4,607	2,284
Consultancy expenses	766	1,000

Revaluation of underlying loan book

Run off assumptions used in valuing the consolidated entity's underlying loan book were revised to reflect changes in market trends. This resulted in a \$26,485,000 (2014: \$nil) reduction in the value of trail income receivable offset by a \$24,677,000 (2014: \$nil) reduction in the value of trail commission payable. The net impact is \$1,808,000 loss for the half-year (2014: \$nil loss).

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2015

Note 5. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Trade receivables	4,159	2,312
Less: Provision for impairment of receivables	(450)	(379)
	<u>3,709</u>	<u>1,933</u>
Other receivables	13,512	15,737
Trail commission receivables	<u>44,843</u>	<u>40,830</u>
	<u><u>62,064</u></u>	<u><u>58,500</u></u>

Note 6. Current assets - other

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Investment available at 3 days notice	517	-
Prepayments *	560	755
Other	<u>21</u>	<u>21</u>
	<u><u>1,098</u></u>	<u><u>776</u></u>

* Refer to note 17 for further information on related party prepayments.

Note 7. Non-current assets - trade and other receivables

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Trail commission receivables	<u>169,326</u>	<u>171,504</u>

Note 8. Non-current assets - property, plant and equipment

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Leasehold improvements - at cost	1,172	1,157
Less: Accumulated depreciation	(972)	(919)
	<u>200</u>	<u>238</u>
Office equipment - at cost	2,576	2,530
Less: Accumulated depreciation	(2,156)	(2,059)
	<u>420</u>	<u>471</u>
	<u><u>620</u></u>	<u><u>709</u></u>

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2015

Note 8. Non-current assets - property, plant and equipment (continued)

Reconciliations

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

Consolidated	Leasehold improvements \$'000	Office equipment \$'000	Total \$'000
Balance at 1 July 2015	238	471	709
Additions	15	46	61
Depreciation expense	(53)	(97)	(150)
Balance at 31 December 2015	<u>200</u>	<u>420</u>	<u>620</u>

Note 9. Non-current assets - intangibles

	Consolidated	
	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Goodwill - at cost	29,776	29,776
Less: Impairment	(2,000)	(2,000)
	<u>27,776</u>	<u>27,776</u>
Customer relationships- at cost	8,100	8,100
Less: Accumulated amortisation	(1,319)	(824)
	<u>6,781</u>	<u>7,276</u>
Brands - at cost	2,000	2,000
Less: Accumulated amortisation	(416)	(305)
	<u>1,584</u>	<u>1,695</u>
Software - at cost	3,401	2,648
Less: Accumulated amortisation	(1,166)	(964)
	<u>2,235</u>	<u>1,684</u>
Other intangible assets - at cost	957	856
Less: Accumulated amortisation	(271)	(256)
	<u>686</u>	<u>600</u>
	<u>39,062</u>	<u>39,031</u>

Reconciliations

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

Consolidated	Goodwill \$'000	Customer relationships \$'000	Brands \$'000	Software \$'000	Other \$'000	Total \$'000
Balance at 1 July 2015	27,776	7,276	1,695	1,684	600	39,031
Additions	-	-	-	747	114	861
Amortisation expense	-	(495)	(111)	(196)	(28)	(830)
Balance at 31 December 2015	<u>27,776</u>	<u>6,781</u>	<u>1,584</u>	<u>2,235</u>	<u>686</u>	<u>39,062</u>

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2015

Note 10. Non-current assets - other

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Prepayments *	1,647	1,795
Other	126	172
Investment available at 3 days notice	-	512
	<u>1,773</u>	<u>2,479</u>

* Refer to note 17 for further information on related party prepayments.

Note 11. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Trade payables	10,931	11,117
Trail commission payables	36,913	33,458
Accrued expenses	3,772	1,063
Income received in advance	1,459	819
Underwriter payables	684	723
Other payables	3,889	4,938
	<u>57,648</u>	<u>52,118</u>

Note 12. Non-current liabilities - other

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Trail commission payables	<u>139,206</u>	<u>142,143</u>

Note 13. Equity - issued capital

	Consolidated			
	31 Dec 2015	30 Jun 2015	31 Dec 2015	30 Jun 2015
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>278,357,172</u>	<u>278,161,332</u>	<u>108,997</u>	<u>108,924</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2015	278,161,332		108,924
Shares issue to employees	21 October 2015	<u>195,840</u>	<u>\$0.37</u>	<u>73</u>
Balance	31 December 2015	<u>278,357,172</u>		<u>108,997</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 2015

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

Consolidated - 31 Dec 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Available-for-sale financial assets	213	-	-	213
Total assets	213	-	-	213
Consolidated - 30 Jun 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Available-for-sale financial assets	213	-	-	213
Total assets	213	-	-	213

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

There is a potential earn-out for the acquisition of Resi Mortgage Corporation Pty Limited. At the acquisition-date management assessed the fair valued as \$nil, based on performance to date against contracted targets.

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 2015 of \$1,105,000 (30 June 2015:\$1,105,000).

In August 2015, the consolidated entity received an assessment for unpaid payroll tax from the Office of State Revenue ('OSR') amounting to \$460,000. The assessment relates to a five year period ended on 30 June 2012, where the OSR has 'grouped' companies not part of the consolidated entity with the consolidated entity under the Payroll Tax Act 2007. Management has lodged a formal objection to the assessment and believes there are strong grounds for success. No liability has therefore been provided in these financial statements.

Note 17. Related party transactions

Parent entity

Yellow Brick Road Holdings Limited is the parent entity.

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2015

Note 17. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$	\$
Sale of goods and services:		
Sales to TZ Limited (director-related entity of Mark Bouris) - Accounting and secretarial services	28,769	184,510
Sales to TZ Limited (director-related entity of Mark Bouris) - Marketing services	60,000	60,000
Sales to TZ Limited (director-related entity of Mark Bouris) - Insurance services	-	250
Sales to TZ Limited (director-related entity of Mark Bouris) - Administration services	88,164	84,889
Sales to State Capital Property Ltd (director-related entity of Mark Bouris) - Insurance services	10,524	4,475
Sales to parties related to Mark Bouris for insurance services	3,048	188
Sales to parties related to Adrian Bouris for insurance services	1,200	1,200
Sales to Macquarie Bank (shareholders) for commissions - Administration and brokerage services	10,191,552	2,432,116
Payment for goods and services:		
Rent paid to Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris)	-	27,273
Payment for consultancy services from Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris)	562,500	504,032
Purchases of services from Chifley Travel (director-related entity of Adrian Bouris)	27,364	18,225
Purchases of services from BBB Capital Pty Limited (director-related entity of Adrian Bouris) - Corporate finance services	-	1,100,967
Prepaid advertising and marketing expenses to the Nine Entertainment Group (shareholder-related entity) (refer Note (a) below)	156,569	1,309,557
Payment for other expenses:		
Share-based payment expense to the Nine Entertainment Group (shareholder-related party)	-	97,096

Other transactions:

On 29 August 2014 the consolidated entity issued Golden Wealth Holdings Pty Ltd ('GWH'), a company controlled by Mark Bouris, 6,000,000 shares and 10,000,000 performance rights, at a fair value of \$4,200,000 and \$1,475,000 respectively as consideration of certain lock-in/lock-out and long term incentive arrangements with GWH and Mark Bouris. The fair value of the performance rights will be recognised as an expense over 5 years. The amount expensed for the financial half-year 31 December 2015 amounted to \$238,128.

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2015

Note 17. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
Current receivables:		
Trade receivables from TZ Limited (director-related entity of Mark Bouris)	63,810	76,257
Trade receivables from State Capital Property Ltd (director-related entity of Mark Bouris)	34,747	20,709
Prepayment from the Nine Entertainment Group (shareholder-related entity) (refer Note (a) below)	150,000	150,000
Commissions from Macquarie Bank	2,979,481	1,081,907
Non-current receivables:		
Prepayment from the Nine Entertainment Group (shareholder-related entity) (refer Note (a) below)	1,430,343	1,650,350
Commissions from Macquarie Bank	13,326,768	7,417,594
Current payables:		
Rental expenses payable to State Capital Property Ltd (director-related entity of Mark Bouris)	-	33,000

Note (a):

Nine Entertainment Group ('Nine') provided the consolidated entity \$6,490,000 in contra advertising in 2012 as part settlement for shares Nine acquired in the company. Advertising of \$220,006 (2014: \$1,309,557) was used during the half-year ended 31 December 2015, leaving an unused balance (prepayment) of \$1,580,343 (30 June 2015: \$1,800,350).

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	31 Dec 2015	30 Jun 2015
	\$	\$
Non-current receivables:		
Loan to Smarter Money Investments Pty Ltd (formerly: YBR Funds Management Pty Ltd)	357,726	144,282

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 18. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 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.

Note 19. Earnings per share

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Loss after income tax attributable to the owners of Yellow Brick Road Holdings Limited	<u>(4,052)</u>	<u>(4,257)</u>

Yellow Brick Road Holdings Limited
Notes to the financial statements
31 December 2015

Note 19. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>278,237,965</u>	<u>251,423,124</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>278,237,965</u>	<u>251,423,124</u>
	Cents	Cents
Basic earnings per share	(1.46)	(1.69)
Diluted earnings per share	(1.46)	(1.69)

The options granted to Nine and GWH are not included in the calculation of diluted earnings per share because they are antidilutive for the half-year ended 31 December 2015. These options could potentially dilute basic earnings per share in the future.

Yellow Brick Road Holdings Limited
Directors' declaration
31 December 2015

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 2015 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



Mark Bouris
Executive Chairman

26 February 2016
Sydney



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

We have reviewed the accompanying half-year financial report of Yellow Brick Road Holdings Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, 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, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Yellow Brick Road Holdings Limited 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 controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Yellow Brick Road Holdings Limited consolidated entity's financial position as at 31 December 2015 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 complied with the independence requirements of the Corporations Act 2001.


Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Yellow Brick Road Holdings Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Madeleine Mattera
Partner - Audit & Assurance

Sydney, 26 February 2016