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26 August 2016

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

APPENDIX 4E AND ANNUAL REPORT FOR FY2016

Dear Sir/Madam

The Directors are pleased to announce the audited results for the year ended 30 June 2016 the details of which are included in the attached Annual Report and 4E - Preliminary Final Report.

The Company intends to present a strategy update to shareholders in late September. Detail of this presentation will follow in coming weeks. To register your interest, email Lyndsey Douglas investorenquiries@ybr.com.au

Yours faithfully

Richard Shaw
Company Secretary

Yellow Brick Road Holdings Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Yellow Brick Road Holdings Limited
ABN:	44 119 436 083
Reporting period:	For the year ended 30 June 2016
Previous period:	For the year ended 30 June 2015

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	31.4%	to	217,965
Loss from ordinary activities after tax attributable to the owners of Yellow Brick Road Holdings Limited	up	273.1%	to	(9,528)
Loss for the year attributable to the owners of Yellow Brick Road Holdings Limited	up	273.1%	to	(9,528)

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 $9,528,000 (30 June 2015: $2,554,000).

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

Underlying earnings before interest expense, tax, depreciation and amortisation ('EBITDA') and excluding impairment charges and other non-operating expenses for the consolidated entity was a loss of $3,901,000 (2015: profit of $1,276,000). This is calculated as follows:

	Consolidated	
	2016 $'000	2015 $'000
Loss after income tax	(9,528)	(2,554)
Add: Depreciation and amortisation	2,147	1,828
Add: Interest expense	900	717
Less: Income tax benefit	(3,155)	(6,801)
Add: Impairment of goodwill	566	-
EBITDA	(9,070)	(6,810)
Add: Other non-operating expenses - cash and non-cash	6,052	8,086
Less: Gain on acquisitions	(883)	-
Underlying EBITDA	(3,901)	1,276

Other non-operating expenses, cash and non-cash, represent one-off acquisition, revaluation of loan book and integration related costs and are considered non-operating in nature.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	12.78	14.70

4. Control gained over entities

Name of entities (or group of entities)	Loan Avenue Holdings Pty Ltd.
Date control gained	31 May 2016

	$'000
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	92
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	825

5. Loss of control over entities

Not applicable.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**
Smarter Money Investments Pty Ltd (formerly: YBR Funds Management Pty Limited)	50.00%	50.00%	737	440
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			737	440
Income tax on operating activities			-	-

8. Foreign entities

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

Not applicable.

9. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued.

10. Attachments

Details of attachments (if any):

The Directors' report and annual financial statements of Yellow Brick Road Holdings Limited for the year ended 30 June 2016 are attached.

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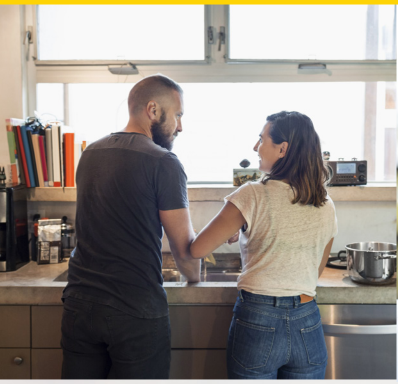
11. Signed

Signed ___________________________ Date: 26 August 2016

Mark Bouris
Executive Chairman
Sydney

2016

ANNUAL REPORT






YELLOW BRICK ROAD HOLDINGS LIMITED
ABN 44119436038

YellowBrickRoad
Wealth Management

↑ 109%
Lead inflow

↑ 28%
Settlements

~1500
Qualified representatives

$37 billion
Loan book under management

↑ 74%
Scale income

JUL 2015

Guru
JUL 2015

YBR CONVEYANCING
JUL 2015

OPEN IN SA
AUG 2015

PROTECTED EQUITIES FUND
SMI
AUG 2015

THE CELEBRITY APPRENTICE AUSTRALIA
SEP 2015

YBR LEASING AND EQUIPMENT FINANCE
SEP 2015

1000 BROKERS
Vow Financial
OCT 2015

LOAN PROTECT
MetLife
NOV 2015

MY YBR ACCOUNT
NOV 2015

YBR MOBILE APP
NOV 2015

VOW MENTORING
Vow Financial
NOV 2015

Vow Financial
RANKED **4TH** AGGREGATOR
DEC 2015

GROUP 4.25% SHARE LENDING
DEC 2015

140 YELLOW BRICK ROAD BRANCHES
OPEN
DEC 2015

SMAs
DEC 2015

ACQUISITION OF BRIGHTDAY
brightday
MAR 2016

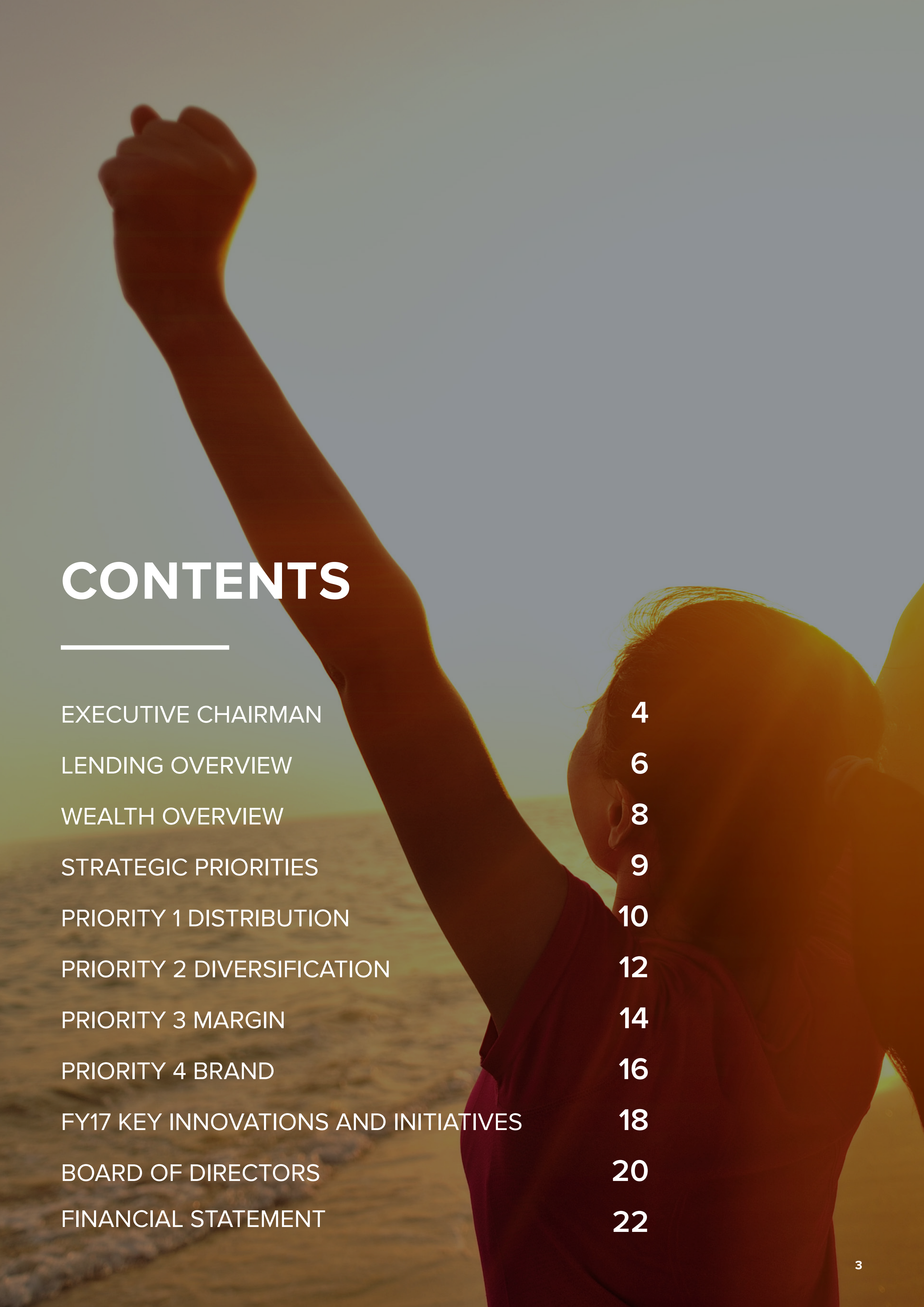
LAUNCH OF AGILITY RANGE
APR 2016

ACQUISITION OF LOAN AVENUE
loanave mortgage management
MAY 2016

TRANSITION TO FRANCHISE MODEL
JUN 2016

PARTNERSHIP WITH AUSTRALIAN MILITARY BANK
JUN 2016

JUL 2016



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MARK BOURIS
Executive Chairman

“...NETWORK GROWTH, LOAN BOOK BUILD AND BRAND STRENGTH HAVE US TRACKING TOWARDS OUR VISION TO BE THE **LEADING NON-BANK LENDER IN AUSTRALIA BY 2020**.”

OUR VISION

Yellow Brick Road Holdings Limited aims to become Australia’s leading non-bank financial services company by 2020 through four core activities.

Central to our success is **lending** activity that provides scale. With over $37billion in loans under management to date, we are pursuing a $100billion loan book under management which equates to an approximate market share of 5 per cent.

This lending business provides a foundation and opportunity for warm introductions for **wealth** management services which provide margin. We’re targeting wealth penetration of 30 per cent of our client base.

Using geographic modelling, we are increasing our **distribution** network of local business owners in all communities across Australia. The target is 300 branded branches and 1000 broker groups.

Finally, strategic **partnerships** that leverage our scale are an important source of product income. By 2020, we intend to see 10 per cent of income through partnerships, which we can achieve without the complexity or cost of vertical integration.

It has been five years since we listed Yellow Brick Road Group Holdings Ltd. By far, **FY15 - FY16 has been our period of greatest investment**. We have invested strongly in getting the right business structure: brand equity, national distribution base, diversified income streams, and scale in key markets. This strategic spend has yielded great dividends in all areas particularly book build and brand strength. Our foot was on the pedal, metaphorically speaking, right as the market cooled this year. This has affected the year's financial results. Nonetheless, with appropriate adjustments made in H2, we are set up well for the year ahead.

Key accomplishments this year are:

- Our loan book under management has now surpassed $37billion and in June we recorded our strongest month yet in wealth management activity. In a tough market, we still delivered 28 per cent growth in settlements and, importantly, the value of the loan book on our balance sheet now stands at $43.3million.
- Our recruitment drive has netted 354 additional qualified representatives in the Vow Financial and Yellow Brick Road networks in FY16.
- Brand build, predominantly on the back of Celebrity Apprentice Australia, resulted in lead flow levels of four times the prior comparable period, and lending pipeline volumes up 33 per cent. This flowed into an upgrade in Yellow Brick Road branch lending productivity, an increase of 19 per cent.
- We made two business acquisitions in FY16, Loan Avenue and brightday, to add scale, market share and distribution to the existing business. Those acquisitions coupled with our investment in Celebrity Apprentice Australia accounted for the majority of our growth spend for the year.
- Our branded network, Yellow Brick Road, has been transitioned from a licence model to a franchise model. Moving to a franchise model is an important progression in our operations. The old licence structure served us well but is not adequately responsive or commercial to meet the future challenges and opportunities for a retail oriented business like ours.
- A new measurement has been implemented to reward branches actively delivering wealth management to clients. The WMAR records the number of households provided with wealth management support as a percentage of overall customer numbers per branch.
- To improve alignment of structure with strategy, we have realigned our operations around service verticals of lending and wealth. This enables us to maintain momentum in our lending businesses while increasing the profile and accountability of the wealth business so that we can get it back on the growth trajectory that is so critical to our long term margin and 2020 vision. Our recent record wealth revenues are testament to the benefits of this change.

A number of shifts and headwinds have arisen in the past financial year, that will likely influence our operating environment into FY17.

- Lower rates have increased competition and the addition of more players in the marketplace has seen an increase in refinancing behaviour. Customers are more aware of their ability to get a better rate and the landscape is more competitive than ever. This is of benefit to the younger Yellow Brick Road book but does place some challenges on our more established Vow brokers.
- An increase in the cost of funding has put pressure on margins across the industry. As lenders respond to regulatory pressure, borrowers face the hurdle of greater scrutiny on household expenditure measurement (HEM) and income verification, which plays into lower approval rates and impacts market size.
- The outcome of the current broker remuneration review will likely further shape the mortgage industry in FY17. For planners, new legislation that mandates a biennial obligation to seek client permission to continue servicing and charging will require significant changes to the servicing model of most.
- Importantly, as you will be aware, Australia's investment lending landscape changed with tougher rules for offshore purchasers and restrictions to lenders' investor ratios. This has resulted in a restricted environment for us, and our competitors.

The completion of a period of heavy investment in brand and distribution build has been met with tough lending conditions and as a result our revenue targets have not been reached. As a major shareholder I, like you, am disappointed. Nonetheless, I am confident that the foundation we have laid for the company has put us in an excellent position to deliver better financial outcomes moving forward. As a nimble player in this marketplace we are in an advantageous position to respond swiftly and decisively to industry shifts.

As is appropriate, when macro factors shift in this way, we adapt by shifting to a period of consolidation. This means some tough cost cutting and maintaining strict spending discipline, while bedding down the recent acquisitions. It also means delivering our technology innovations and leveraging our brand equity. Strict discipline around productivity flowing from head office through to our vast and growing network across Australia will be central to hitting our financial targets.

In keeping with this, I recently removed a level of management from the business. This broader restructure involved the removal of a number of management roles that are no longer required due to the fulfilment of projects and integration of acquired businesses. This will result in a decrease in direct staffing costs and a leaner, more efficient head office team. I have asked the remaining senior managers to adopt what I call a 'step in' mindset so they will be stepping into the roles that have been eliminated and this will be done starting with me as Executive Chairman, where the wealth business will now report directly. This adaptation of our operations to suit the environment in which we operate is important.

With the brand now well established, our marketing focus is also shifting to harvest our strong brand equity through local marketing activities at the branch level. This is supported by the recent launch of a proprietary digital marketing platform that enables the branches to select and run campaigns matched to their local demographic. Further innovations in our CRM provide more visibility and control over our sales pipeline.

Through this consolidation, the leadership team and I will ensure that we fully leverage the investment of the last few years, driving significant productivity increases across the network and preparing the business for the next phase of growth. We expect the coming financial year will see positive results and an affirmation of our strategy.

Our intention to be the leading non-bank financial services player and the hub for Australians to seek quality local financial advice remains unchanged.

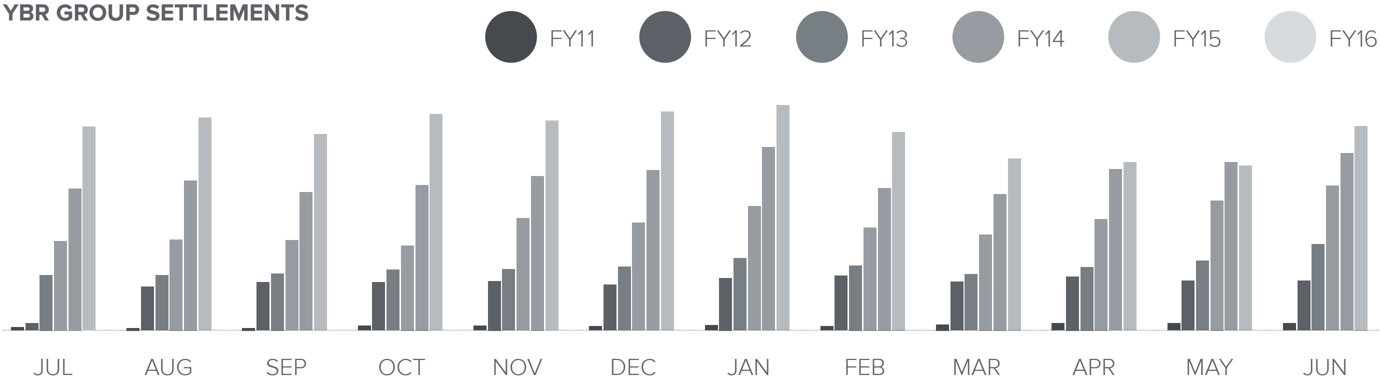
Yellow Brick Road's branded network offers Australian families a better, more local alternative to the banks. A one stop shop for all financial services, with innovative products that are great value and easy to implement. A trusted network of expert local business owners delivers customer engagement that the banks can't match. The Vow Financial business provides independent mortgage brokers a business platform with a broad array of services and true choice in service packages versus conventional aggregators. After all, Australians want an alternative to the big banks.

LENDING OVERVIEW

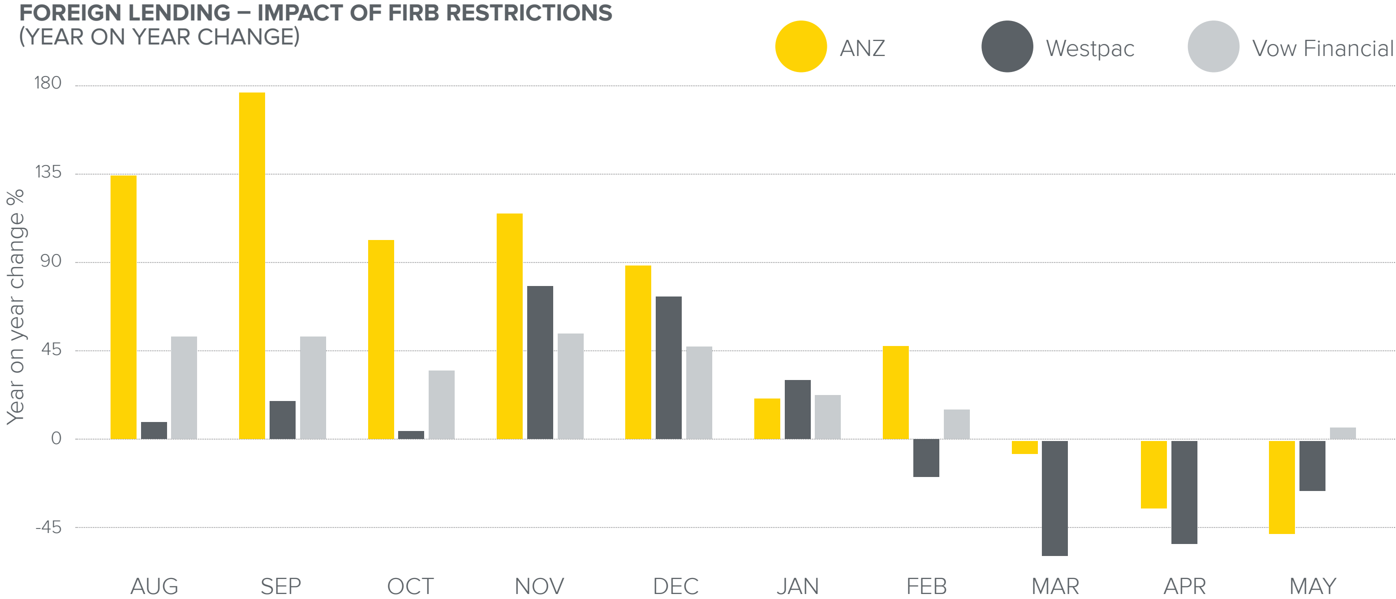
Group settlements **grew by $3.5billion in FY16**, up 28 per cent on the prior year, bringing the total loan portfolio to $37billion. Settlements in Yellow Brick Road branches alone were up nearly 44 per cent for the year.

TIM BROWN
CEO Lending

YBR GROUP SETTLEMENTS



FOREIGN LENDING – IMPACT OF FIRB RESTRICTIONS
(YEAR ON YEAR CHANGE)



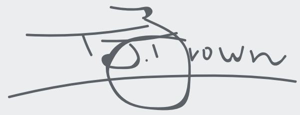
The financial year began well. The company's H1 settlements increased 41 per cent versus prior comparable period (PCP) behind strong lead flow during Celebrity Apprentice Australia and a highly competitive rate on our lead white label product. The Yellow Brick Road network alone saw 50 per cent growth in that period and leads quadrupled feeding a significant improvement in the mortgage pipeline.

While the H1 results delivered record levels of volume, by Christmas the regulator had started to apply pressure on banks to slow investment lending by limiting growth to no more than 10 per cent of lenders' current investment portfolios. This impact, while not immediate, did start to filter through to loan approvals as banks tightened credit policy to meet the targets set by the Australian Prudential Regulatory Authority (APRA). By February, many of the banks who deal with overseas lending to foreign buyers withdrew funding due to verification issues on borrower incomes. This then impacted pre-approvals and lodgements to our business by as much as $300million per month. While auction clearance rates held largely above 70 per cent in Sydney and Melbourne, this is on reduced stock levels with a higher median price masking the real issue which is fewer properties being offered for sale. This softening of external conditions caused settlement growth to slow in H2 to 17 per cent.

Multiple changes to lending rates throughout the financial year created an opportunity to increase margin on both new and existing white label business. With the major lenders also taking margin, the group was able to maintain rate competitiveness and still provide good value to the existing customer base. This helped contribute to a healthy increase in scale income which grew by 74 per cent vs PCP.

With residential lending softening, the group has invested further in commercial lending achieving 32 per cent growth vs PCP. Additionally in November we entered the small business lending market via a partnership with new SME lending platform Valiant Finance. Valiant provides fast and simple solutions to the company's brokers in both Vow Financial and Yellow Brick Road matching business loans, debtor finance and equipment finance to small businesses.
Market conditions have also reinforced the importance of productivity and in turn the need for quality recruits. Accordingly in the branded Yellow Brick Road network, we are now pursuing predominantly candidates with industry experience – now only around 30 percent of recruits are new to industry vs 70 per cent previously. This is helping accelerate the ramp-up of new branches and contributing notable improvements in productivity. During the year, our new entry level branches grew productivity 117 per cent. Meanwhile Vow is positioning itself as an industry leader in training to attract the best young talent and develop them as the next wave of Vow businesses. Vow Financial's industry-first mentoring program established in November has attracted 31 brokers to date.

We expect to see continued credit growth in FY17 in spite of real estate market headwinds. With interest rates at all-time lows, unemployment below six per cent and expectation that the central bank will cut interest rates at least twice during this FY, there's enough reason here to believe that momentum can be sustained. With the business reset during the last six months we are now well placed to leverage the market conditions in the year ahead.



FOCUS FOR FY17

Yellow Brick Road

A key focus in Yellow Brick Road, with the brand and service offering now well established, is ramping up new branch productivity more rapidly. Based on a pilot conducted in FY16 we are now rolling out the following:

- Recruitment focus on experienced lending professionals; now 70 per cent of new recruits are experienced up from 30 per cent previously.
- Induction training extended, now three times longer and more intensive.
- Year one credit and sales training for new to industry franchisees via seven week course.
- Doubling of credit coaches to work on the ground with new franchisees.

Vow Financial

Vow Financial has a network of established independent brokers with deep loan books and entrepreneurial flare. The network is adjusting well to the toughened lending circumstances, particularly the contraction of offshore lending, and we are supporting this network with a deeper diversification drive. This diversification helps our broker partners future-proof their business against downturns:

- White label continues to grow as a percentage of our monthly volumes; now over 6 per cent.
- Commercial lending up 32 per cent on prior year.
- Leasing continues to grow at 20 per cent year on year.
- The introduction of small business lending via new platform partnership with Valiant Finance.

YBR Group Lending

Having this capability gives us competitive dexterity in a changing market. As lenders tighten credit policy, new gaps and opportunities are arising in the market. Over the last quarter, our mortgage manager business has doubled in volume and we expect this growth to continue into FY17. The mortgage manager has now been fully integrated into the Yellow Brick Road and Vow Financial sales team. A repositioning of the mortgage manager has now been completed, with Resi Mortgage Corporation being rebranded YBR Group Lending in FY16.

WEALTH **OVERVIEW**

Wealth management revenue is up **11 per cent against FY15**, with insurance premiums under management **up 25 per cent** and Yellow Brick Road Super funds under management **up 19 per cent on the prior comparable period**.

The company's enduring vision to uniquely provide a holistic approach to financial services including wealth management to everyday Australians is central to our proposition to shareholders, customers and our Yellow Brick Road branch network. Not only does this vision drive better financial outcomes for customers, but it is also beneficial to branch owners and shareholders, as wealth provides the increasing annuity revenue that complements the trail run-off of loans.

External factors reinforce our belief that wealth services will be a critical driver of future shareholder value for Yellow Brick Road investors. Long term population trends and a governmental imperative to reinforce self-funded retirement underpins the company's offer to consumers. The ratio of working Australians to retirees will halve by 2055. Today's 30 year olds need to accumulate enough savings to last them 30 years in retirement. Retirement self-sufficiency will be critical to the nation's economy. Today's young adults are aware of this and entering retirement planning much earlier than prior generations. Furthermore, Australians are largely underinsured. The Zurich Insurance Income Protection Gaps 2016 report shows that while 44 per cent of Australians have experienced income loss due to sickness or accident, only 27 per cent had protected their income. The Lifewise organisation has also found that 45 per cent of working Australians are underinsured in terms of income protection. This can be addressed with accessibility and education. The company is well situated to capitalise, with a strong franchise of young Australian families whose trust we have earned by serving their home borrowing needs.

This aim to be a truly diversified financial services business has been a catalyst for much change in the past financial year. In the first half, with a strong lending market and a highly competitive rate offer, we chose to drive lending share and scale across both business units, Vow Financial and Yellow Brick Road. While this resulted in record levels of lending settlements, it also drew attention away from wealth management and inflows slowed. To address this and reclaim momentum in wealth, in H2 I restructured the business around product divisions for lending and wealth in order to increase the profile and accountability of the wealth business.

At the same time, we began development of a system to set and measure wealth productivity standards across the branded network. In June we launched the Wealth Management Activity Ratio (WMAR) to reward branches that are actively delivering wealth management to clients. In short, the WMAR records by branch the number of households provided with wealth management support as a percentage of lending customer numbers and provides a financial reward where clients' wealth needs are being broadly met. The recent company record for wealth revenues in June is testament to the impact of these two core changes.

The resignation of the CEO Wealth Management in July 2016 has given me the opportunity to remove a layer of management and take direct responsibility for the wealth business. The newly created role, General Manager Wealth Management and Advice will report in to me. We have filled the role and will announce this appointment shortly. Product partnerships are central to the company's wealth offer, helping us innovate and drive margin. Our suite of wealth offerings was rounded out in FY16 by the launch of critical gateway and adjacent products including My YBR Account (OneVue) and eight separately managed accounts, Loan Protect (Metlife), and Protected Equities Fund (Smarter Money Investment and NWQ). The company now has a comprehensive wealth offering in all key product and service areas. In FY17, the focus will move to the rollout of some important new technology, adviser recruitment and customer marketing capability to get our wealth message out to our current lending clients.

Our priorities therefore are clear: recruit vigorously to build out our network of financial advisers to partner with our local lending representatives; and deliver the local area marketing capability to enable them to engage with their lending customer base, as well as the technology required to make their activities more efficient and profitable.

We will also be launching a consumer-facing tool called Money Manager, a breakthrough new proprietary personal finance management tool. (For more on this and other innovations see pages 18 and 19).

FOCUS FOR FY17

Recruitment

Growing authorised representative numbers via a recruitment campaign targeting employed planners will be a focus in FY17. The company actively recruits planners into corporate as a hub-and-spoke model, to service referrals from branches in the early stages of developing their wealth business. As a branch grows its wealth customer base, the planner will transition to work in the branch.

Technology roll out

Several proprietary technologies will be deployed in FY17. Primarily these tools drive efficiencies for representatives, and relevance of wealth services for clients. These include a personal finance management tool that drives goals and behavioural changes, a new to industry CRM and a new lead management system for brokers and advisers. The company embraces fintech solutions that can drive value not only for direct consumers but also assist planners to produce important documents such as statements of advice with greater ease and efficiency.

Local area marketing

Deployment of technologies to enable local digital activation of a suite of marketing campaigns supporting wealth products: financial planning, superannuation and insurances. This will empower branches to leverage warm lending client databases to promote wealth management offers.
The email marketing platform is proprietary technology that integrates with the branch CRM database and plugs into compliant and corporately developed marketing content.

PROGRESS AGAINST OUR **STRATEGIC PRIORITIES**

Our ambition is to be the leading non-bank player in Australia by executing on four strategic priorities:

1. Distribution

2. Diversification

3. Margin

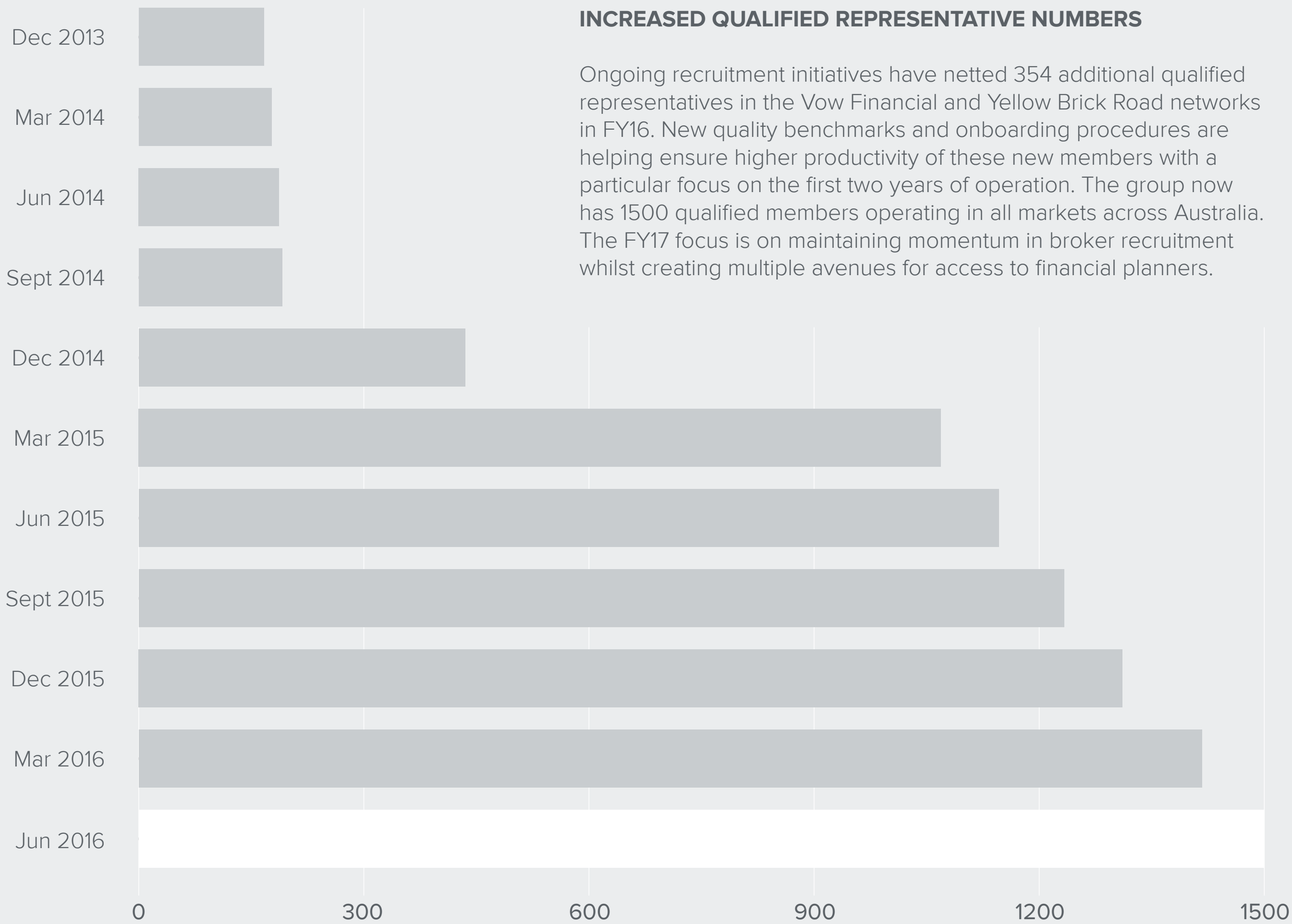
4. Brand

STRATEGIC PRIORITY 1
DISTRIBUTION

The group builds scale and diversification by participating in all major distribution channels; branded, aligned and unaligned. A range of alternate business models broadens the relevance of our offer to distribution partners. In the Yellow Brick Road branded network, branches can build wealth management scale via three different approaches (illustrated on page 11). The Vow Financial model attracts top writers through a flat fee option, mid tier brokers with the percentage model, and entry level brokers with the mentoring and transaction models.

INCREASED QUALIFIED REPRESENTATIVE NUMBERS

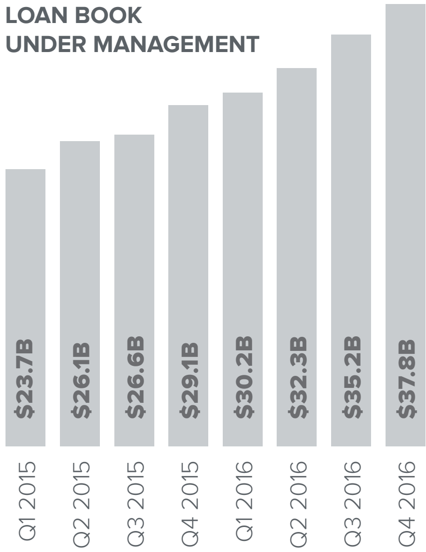
Ongoing recruitment initiatives have netted 354 additional qualified representatives in the Vow Financial and Yellow Brick Road networks in FY16. New quality benchmarks and onboarding procedures are helping ensure higher productivity of these new members with a particular focus on the first two years of operation. The group now has 1500 qualified members operating in all markets across Australia. The FY17 focus is on maintaining momentum in broker recruitment whilst creating multiple avenues for access to financial planners.



FRANCHISE MODEL FOR YELLOW BRICK ROAD BRANCHES

In May, Yellow Brick Road began the process of transitioning from a licence model to a franchise model; an important operational shift to set the branded network up for future growth. It improves risk management, market acceptance, saleability and business valuations. New application fees will offset onboarding costs as well as providing additional revenue. This transition is seen as a natural progression of the business. It will improve market confidence, assist financially and create greater controls at an operational management level.

LOAN BOOK UNDER MANAGEMENT



UNDERLYING LOAN BOOK REACHES $37BILLION

Distribution increases have benefitted settlement growth across the group (Vow Financial, Yellow Brick Road, YBR Group Lending, formerly Resi Mortgage Corporation, and Loan Avenue) by $3.5billion in FY16, up 28 per cent on the prior year, bringing the underlying loan portfolio to $37billion. Concurrently, during H2, lending market conditions deteriorated as government policy reduced foreign borrowings and historically low rates increased refinance activity. Tight investment lending policies flattened Vow Financial settlement growth in the last quarter vs PCP. This is being offset by a concerted recruitment drive and investment in non-residential lending.

ACQUISITION OF MORTGAGE MANAGER LOAN AVENUE

In May, the company acquired a South Australian mortgage manager Loan Avenue, securing previously underrepresented territory. The purchase increases scale with key lenders, and adds a new lender to the panel. It also contributes to increased broker distribution via new third party aggregators. Loan Avenue is a respected B2B brand and has been in operation for ten years with a significant footprint, made up of more than 100 brokers in South Australia and Victoria, diluting reliance on Sydney and Melbourne mortgage markets.

YELLOW BRICK ROAD BRANCH PRODUCTIVITY INCREASED

A core shift in H2 FY16 has been to focus on increased productivity and improved recruitment standards across the branded network. The result of which has been a significant uplift in settlement figures despite the tough lending climate. Settlements are now 44 per cent up year on year. New segmented reporting and analytics have contributed additional insight, further lifting productivity. Importantly, the support and onboarding process for our newest entry level branches has seen settlements per branch up 117 per cent year on year.

VOW FINANCIAL MENTORING PROGRAM LAUNCH

The establishment of Vow Financial's industry-first mentoring program in November has attracted 31 brokers to date. The program is run over a two year period offering a blended learning approach which covers online, classroom and one-on-one workshops. It de-risks the recruitment and start-up process by collecting fees to cover training and development costs. For mentees, benefits include a tailored business plan, sales process support, compliance training and support, and accreditation. The model will be applied to the Yellow Brick Road branded network in FY17.

WEALTH DISTRIBUTION AND INTEGRATION MODEL

After trialling multiple approaches for wealth delivery, it is now clear that the best operating model is to get specialised planners into branches alongside credit representatives, rather than dual skilling. The company recognised that not all branches will have the financial capability to employ a planner in the first year of operation, so two referral models have been developed to allow branches to build scale before taking on a planner in-house.

Target

Employ financial planner into branch alongside credit representative

Year one option A

Refer to financial planner in neighbouring branch

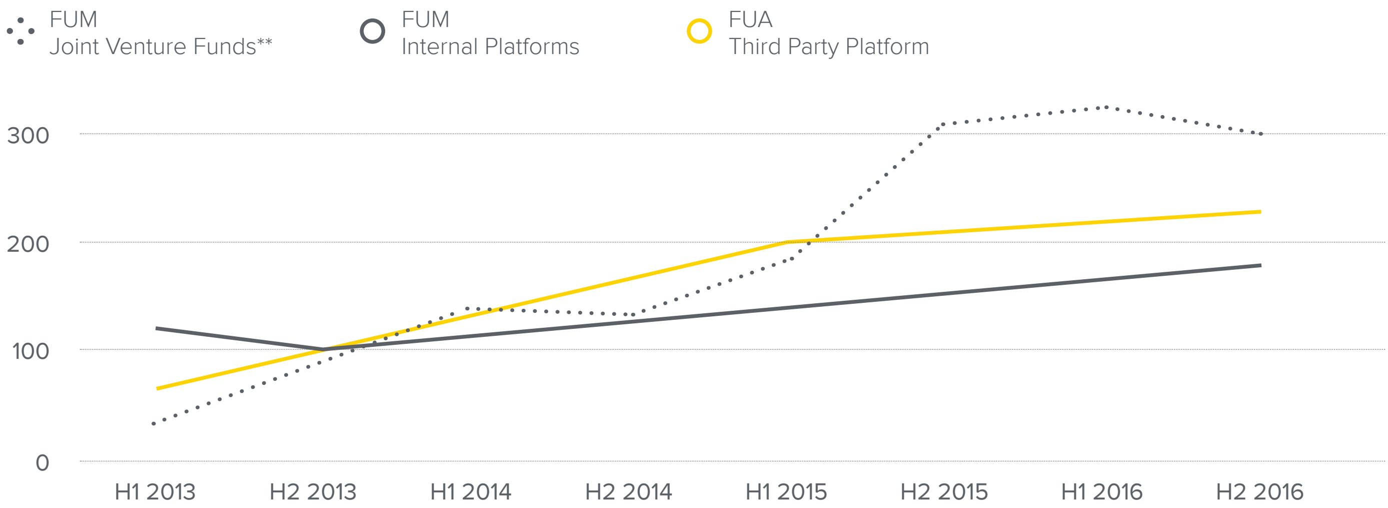
Year one option B

Refer to head office appointed financial planner

STRATEGIC PRIORITY 2 **DIVERSIFICATION**

The company business model taps a proven mortgage based customer acquisition strategy and leverages the permission a new mortgage relationship affords, to address the client's emerging wealth needs. The target market is the 80 per cent of Australians that wealth companies ignore until pre-retirement, and is supported by the momentum of self funded retirement that is seeing Australians engaging in wealth activities earlier. By targeting the mortgage offer to young families, the company's networks can introduce wealth far earlier and harvest a longer annuity stream. The company continues to build and deliver products that support this wealth offering, resulting in robust annuity streams that are complementary; wealth trail increases as home loans are paid down.

FUNDS UNDER MANAGEMENT ($M)



REALIGNMENT OF BUSINESS TO ACCELERATE DIVERSIFICATION

Prior to H2 FY16, the company was structured around distribution channels with Chief Executives heading up the business units of Vow Financial and Yellow Brick Road. In January, the business was restructured to create divisions along product lines; one for lending and another for wealth management and advice. This focus is already bearing fruit with June proving to be a record month in the wealth business. In coming weeks the company will announce the appointment of a new General Manager Wealth Management and Advice, reporting directly to Executive Chairman.

LAUNCH OF MY YBR ACCOUNT FOR INVESTMENT CUSTOMERS

The creation of My YBR Account allows customers to see a centralised view of their superannuation, cash and investments. Simple graphs and charts allow users to clearly and easily track investments and conduct research on investment opportunities. The platform is an extension of the existing strategic partnership with OneVue. It is accessed by any customers with Yellow Brick Road Super, cash management accounts, term deposits, shares, listed securities, investment accounts or self managed super. The launch coincided with the release of eight separately managed accounts (SMAs).

ENTERING THE SMALL BUSINESS LENDING MARKET

A new partnership with new SME lending platform Valiant Finance provides fast and simple solutions to the company's brokers in both Vow Financial and Yellow Brick Road. Launched in November, Valiant Finance is a comparison website matching business loans, debtor finance and equipment finance to small businesses. The partnership creates efficiencies for brokers determining a client's eligibility for a wide range of short-term secured and unsecured loans for working capital, equipment finance and debtor finance solutions.

LAUNCH OF A NEW HOME LOAN RANGE TARGETING MARKET GAP

The release of YBR Group Lending's 'Agility' range in April strategically addresses a gap in the mortgage market. Agility circumvents rigid practices that prevent mainstream lenders from addressing quality lending opportunities. The range caters for a wide variety of scenarios including non-genuine savings loans up to 95 per cent, SMSF loans with a low variable rate, and business loans at home loan rates (residential security is provided). It adds another substantial layer of coverage for scenarios commonly seen by the network.

LAUNCH OF PROTECTION SOLUTION WITH METLIFE

A tailored lifestyle protection solution was launched this year through a new partnership with MetLife, a leading global provider of insurance. A critical opportunity to introduce life insurance arises during lending discussions and 'Yellow Brick Road Loan Protect' and 'Vow Loan Protect' integrate lending and wealth management services. These products were released in October providing customers with death and terminal illness benefits along with critical illness and involuntary unemployment benefits. Product accreditation has been completed across both networks.

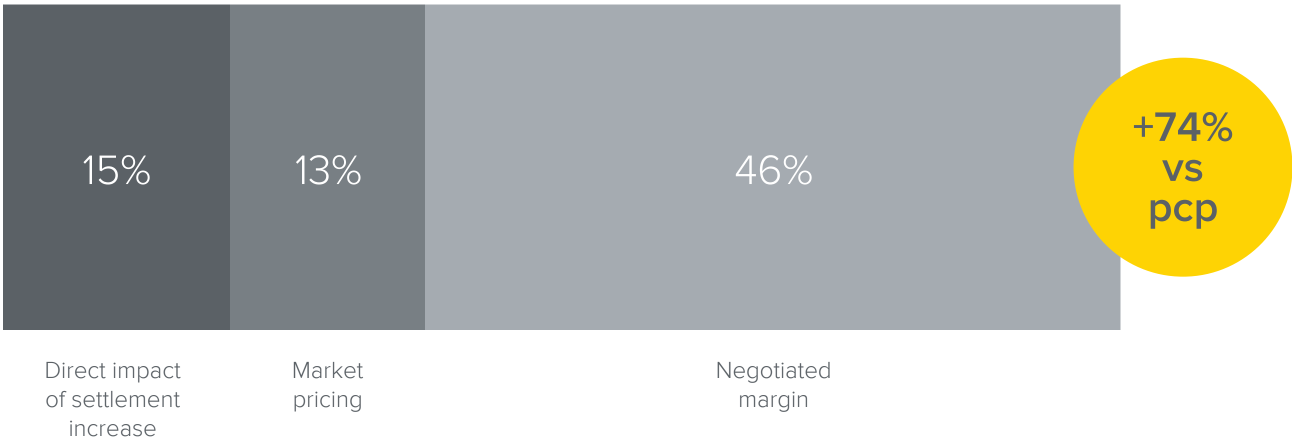
INCENTIVISING WEALTH ACTIVITY IN BRANCHES

A new Wealth Management Activity Ratio (WMAR) was developed to reward branches actively delivering wealth management to clients. The WMAR records the number of households provided with wealth management support as a percentage of lending customer numbers per branch. Branches are incentivised to increase wealth customers, providing better outcomes for our customers, building a better business for our branches and supporting our ambitions as a truly diversified financial services business.

STRATEGIC PRIORITY 3
MARGIN

The company uses product partnerships and packaging to grow margin through measured participation across the value chain. The lending partnerships provide manufacturer margin in scale offerings while the mortgage manager capability brings margin and control over client relationships. Partnerships on key wealth offerings - fund management (Smarter Money Investment joint venture), life insurance (MetLife), general insurance (Allianz), superannuation (OneVue) - afford margin benefits also. As distribution and scale grow, these product relationships will deliver increasing margin upside.

GROWTH IN SCALE INCOME



MARGIN IMPROVED THROUGH LEVERAGING SCALE

Our marketing investment and distribution growth have delivered significant increases in settlement figures in FY16 growing the white label book by 49 per cent. The direct impact of this was an increase in scale income of 15 per cent. This increased scale also gave additional leverage with suppliers to renegotiate and improve the company's share of gross margin on a range of products. As a result, the company recorded an increase of 46 per cent in volume related performance income.

MARKET OPPORTUNITY CREATED WITH RATE CHANGES

The Reserve Bank of Australia made multiple changes to the cash rate throughout the year. As the market responded and rates were reduced multiple times, an opportunity arose to increase margin on both new and existing white label business. With the major lenders also taking margin, the group was able to maintain rate competitiveness and still provide good value to the existing customer base. This helped contribute about one fifth of the overall increase in scale income.

INCREASED PARTICIPATION IN VALUE CHAIN

Where sensible, the company pursues additional margin up the value chain via partnerships. The joint venture with Coolabah Capital, Smarter Money Investments (SMI)* continues to deliver high margin growth to the group. In FY16 while peers changed tactics in response to market volatility, SMI held to its long term strategy and was rewarded as returns again outperformed the market. After a flat H2, SMI has rebounded since the end of FY16, with $40million in new FUM to bring total FUM to $340M. At this size and growth rate, SMI has a market value that is multiples of what is captured in the group balance sheet.

**Smarter Money Investments is a 50 per cent joint venture.

ACQUISITION OF WEB-BASED B2C INVESTMENT BUSINESS

The acquisition of brightday from NewsCorp in March is a key step toward participation in the higher margin direct and digital wealth market. Integration of brightday into the group is eased by the common use of the OneVue investment platform. This acquisition affords access to the increasing pool of customers who prefer to research and purchase financial products online instead of via brick and mortar branches.

LAUNCH OF MULTI-MANAGER EQUITIES FUND

The August launch of the Protected Equities Fund gives customers access to sophisticated investment solutions which are usually reserved for high-net-worth individuals and trust funds. The Protected Equities Fund adds to the suite of existing in-house fixed-income products, including active cash and higher income strategies, which has more than $300million in funds under management. This portfolio offers a multi-manager approach, allowing investors to diversify across leading wholesale Australian equities managers.

LAUNCH OF SEPARATELY MANAGED ACCOUNTS

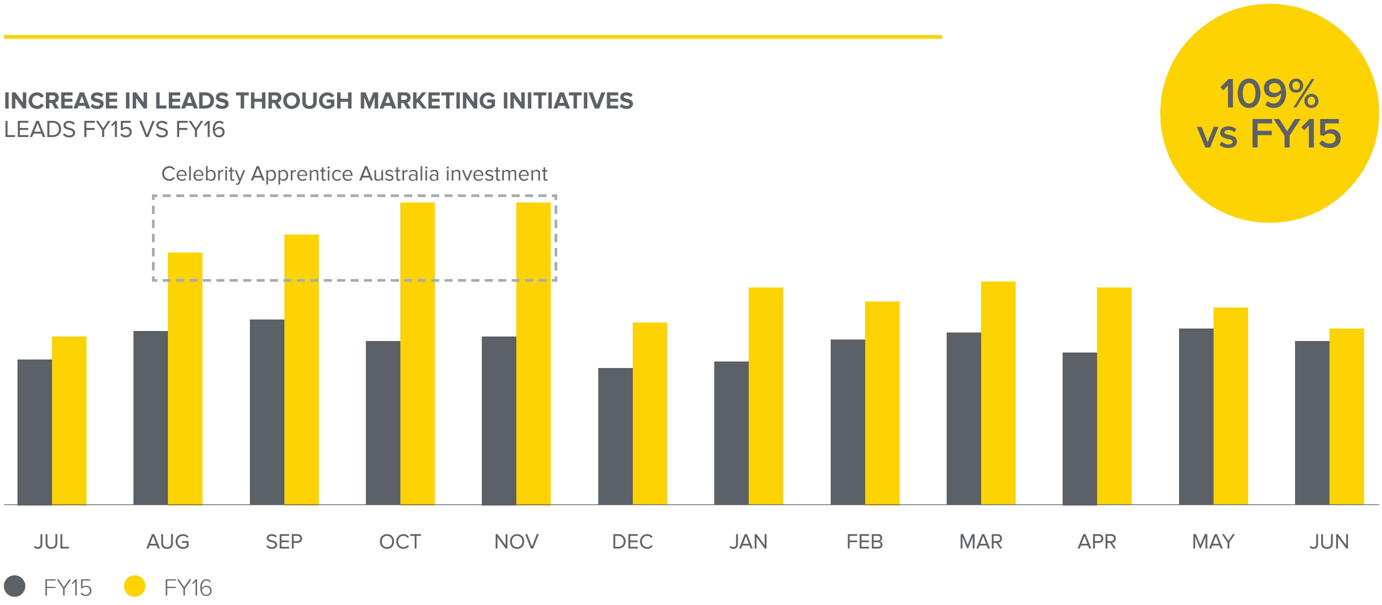
In January, the company launched a range of Separately Managed Account (SMA) model portfolios. These portfolios, which are diversified across the investment risk spectrum from conservative through to aggressive growth portfolios, provide wealth managers with efficient, high performing investment portfolios for their clients whilst reducing the management workload in their office. The company also receives a corporate margin for managing these portfolios.

Scale income increased **74 per cent in FY16**

STRATEGIC PRIORITY 4
BRAND

The company drives customer growth by developing and leveraging brand equity around challenger products and innovations. This challenger position capitalises on broad consumer dissatisfaction with large institutions and utilises the profile of Mark Bouris and the identities of local branch owners. Backed by significant marketing investment, the objectives for FY16 were brand awareness and lead generation. The focus in FY17 is lead management and local customer acquisition.

INCREASE IN LEADS THROUGH MARKETING INITIATIVES
LEADS FY15 VS FY16



TELEVISION ADVERTISING AND CELEBRITY APPRENTICE

Sponsorship of a new season of the popular Channel 9 program Celebrity Apprentice Australia, featuring Mark Bouris, delivered exposure equivalent to $20 million. The marketing push with shareholder Nine Entertainment Company ran across television and digital channels to ramp up brand awareness and drive consumer enquiry.

NATIONAL CONSUMER PROMOTIONS TO DRIVE LEAD ACQUISITION

Leads were dramatically bolstered during the latest season of Celebrity Apprentice Australia with the company generating enquiry via a digital competition leveraging a $50,000 prize. The competition drove a significant enquiry uplift while the television show reinforced brand positioning. Further, a home loan campaign in H2 promoting a competitive 3.82% rate generated a 55 per cent increase in leads versus the prior period and drove a substantial increase in branch walk-ins.

LOAN APPLICATIONS UP ON BACK OF LEAD GENERATION

The pipeline of applications in train is up 33 per cent on the prior year driven by this increased marketing activity. Upcoming technology innovations will improve conversion of lead enquiries. These include an app for brokers to manage and control leads and a lead scoring and meeting scheduling system. Release of these platforms will occur in H1 FY17. Both tools are owned and developed by the company.

NEW VISUAL IDENTITY ROLL OUT UNDERWAY NATIONWIDE

A fresh take on the company's visual brand was launched at the beginning of H2. The look is a fresher and more contemporary take on the brand. It has been rolled out on digital and direct collateral. To date 62 branches have fully rebranded to reflect the new visual identity at street level. The rebrand will continue in FY17. The franchise fee being implemented for new branches in FY17 onwards incorporates a contribution to implement the visual identity of the branch shopfront.

INDIVIDUAL BRANCH WEB MICROSITES LAUNCHED

In line with an ambition to mobilise branches to drive local marketing initiatives and drive local leads, customisable microsites were launched in H2. The sites are optimised for organic search and allow branches to route leads via independent local marketing direct to their own branch. A variety of marketing campaign options are available for promotion. Branches can create their own content and select digital advertisements to communicate relevant messages to their local demographics.

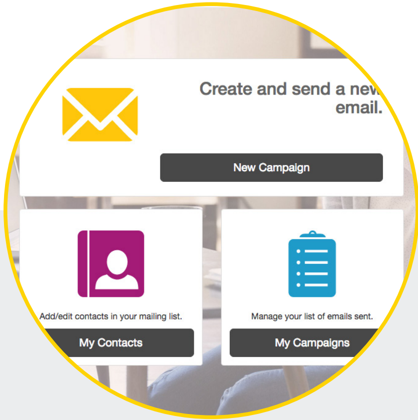
LOCAL AREA MARKETING AND ACTIVATION

Grassroots lead generation and marketing promotions were ramped up with the release of a series of 'campaigns in a box' targeting investors, first home buyers, refinancers, retirees and other core demographics. The productised campaigns include activation instructions, direct mail programs, e-marketing collateral, social media, lead capture platforms, digital assets and supporting materials including flyers, posters, banners, merchandise and giveaways. These are available to all branches and are getting strong take up.

Lead flows during Celebrity Apprentice Australia were **up 4x on pcp**

FY17 KEY FINTECH INNOVATIONS AND MARKETING INITIATIVES

These digital solutions are the first releases from the company's in-house fintech



GAME CHANGING CONSUMER FINANCIAL MANAGEMENT PLATFORM

A pioneering fintech solution that marries the simplicity of consumer apps with the sophistication of professional financial services will be launched. Built with the customer at the centre, but driving relevance for financial professionals, Money Manager connects customer needs and personal information with professional advice.

The highly visual platform reconciles goals and actions, and provides visibility and control over debt and property holdings, driving behavioural change and increasing customer wealth. A dynamic budgeting interface draws on live data feeds to track real world pricing so that customer budgets flex and move in keeping with the market. It gives long sought-after transparency to clients and delivers tangible value to financial professionals hungry for modern tools. Money Manager will drive significant profit uplift by winning customers, improving productivity and reducing churn.

UNIQUE DIGITAL MARKETING PLATFORM FOR BRANCHES

A new digital platform, linking four new technologies, is being rolled out in Q1 FY17 to enable franchisees to plan and execute professional quality marketing campaigns on a DIY basis. This is a critical gap in industry CRM platforms.

The technologies include Toto, a new email platform; micro-websites for each branch; a new intranet to source over 30 campaigns in a ready to use form and finally a procurement portal where all supporting collateral and merchandising is available on demand. The core of the offer is Toto, a new cloud based email platform which allows branches in a simple 5 step process to select, customise and send an email campaign. Action buttons take prospects to a landing page in the branch microsite, where complementary digital ads are displayed and leads are captured. This in-house solution is unique in our industry and critical in leveraging our brand awareness at a grass roots level.

Deployment of **practical, commercial,** incubator based in Ultimo, NSW.

IMPROVING CONVERSION THROUGH NEW LEAD MANAGEMENT SYSTEM

A lead management system is in pilot and will be rolled out in H1 FY17. It offers branches the opportunity to elect to outsource the management of prospect leads to head office via the new “Valet” service, or to maintain control of leads via Ruby - a smartphone lead management app. Both are proprietary technologies.

Valet is a cloud based service which qualifies potential clients, and schedules appointments with advisers. Machine learning is used to evaluate the needs of prospects and to score and match the client to advisers.

Ruby is a mobile App to help branches self-manage leads and connect with prospects. As new leads are allocated, the Ruby App prompts, enables and tracks adviser contacts and prioritises the follow-up steps. The application supports intuitive “swipes and gestures” for the most frequent actions.

proprietary fintech

BUILDING WEALTH THROUGH PROPERTY – NATIONAL ROADSHOW

In Q4 FY17, Yellow Brick Road will host a series of consumer seminars across Australia featuring Executive Chairman Mark Bouris and hand selected experts on property investment and property economics. The seminars share critical insights and practical help on building wealth through property. The events leverage Mr Bouris’ profile and the Australian fascination with property, to bring prospects face to face with advisers.

Starting in mid-October the events will be run across major cities and key regional centres; targeting prospective clients and local referral partners. The events serve as a brand awareness, networking and lead generation opportunity for branches.

The roadshow entitled ‘A morning with Mark Bouris’ discusses building wealth through property, making great borrowing decisions, and navigating the property market.

Activation marketing

BOARD OF **DIRECTORS**

Mark Bouris

Executive Chairman

BCom (UNSW), MCom (UNSW), HonDBus (UNSW), Hon DLitt (UWS), F.C.A

Mark Bouris is the Executive Chairman of Yellow Brick Road and has over 27 years' experience in the finance and property sectors. Mark is also Executive Chairman of TZ Limited, Non-Executive Chairman of Anteo Diagnostics Limited and a board member of the Sydney Roosters. He is an Adjunct Professor at the UNSW Australia Business School and he sits on boards for the UNSW Business Advisory Council, the Western Sydney University Foundation Council and the Chief Minister's Advisory Council. Mark is also the author of three business and finance books.

Other current directorships: Executive Chairman of TZ Limited (ASX:TZL), Non-Executive Chairman of Anteo Diagnostics Limited (ASX:ADO)

Former directorships (in last 3 years): Non-Executive Chairman of Serena Resources Limited

Adrian Bouris

Non-Executive Director

BCom (UNSW), LLB (UNSW)

Adrian Bouris is a Non-Executive Director of Yellow Brick Road and has extensive experience in investment banking and corporate and commercial law. He is currently Principal and Managing Director of BBB Capital Pty Ltd, a boutique corporate advisory and investment company. Prior to founding BBB Capital Pty Ltd, Adrian was Managing Director of the Australian Investment Banking Division of ING Bank N.V., and was previously Director of SG Hambros Australia. He is also Director of The Surf Travel Company Holdings Pty Limited and Non-Executive Director of Surfing New South Wales, Sterling Publishing Pty Ltd and Smarter Money Investments Pty Ltd.

Special responsibilities: Member Audit and Risk Committee

Owen Williams

Non-Executive Director

Bec (UNE), MTAX (Melb), FAICD

Owen Williams is a Non-Executive Director of Yellow Brick Road and has a 31 year background in investment management, finance and investment banking. He is currently Director of private consulting company ASIR Pty Ltd, and has previously held senior finance roles with Bain & Company, Babcock & Brown and Societe Generale. He was a former director of Tasmanian Ports Corporation.

Special responsibilities: Chairman of the Audit and Risk Committee

John George

Non-Executive Director

BCom (QUT), FCPA, FAIM, AICD, ACIS

John George is a Non-Executive Director of Yellow Brick Road and has an extensive background in accounting, corporate advisory, transaction management, governance, investor relations, mergers and acquisitions. He is currently Director of private consulting firm Standard Edge, SGD Partners, and previously held senior roles at KPMG, ASIC and Shine Corporate. His qualifications include former Deputy State President of the Governance Institute of Australia and Deputy Chair of the Public Companies Forum Group (Queensland).

Former directorships (in last 3 years): Director of Shine Lawyers

Special responsibilities: Member Audit and Risk Committee

FINANCIAL
STATEMENT

Yellow Brick Road Holdings Limited

ABN 44 119 436 083

Directors' report and annual financial statements - 30 June 2016

Yellow Brick Road Holdings Limited
Contents
30 June 2016

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 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 August 2016. The directors have the power to amend and reissue the financial statements.

Directors	Mark Bouris (Chairman) Adrian Bouris Owen Williams John George
Company secretary	Richard Shaw
Registered office	Level 11 1 Chifley Square Sydney NSW 2000 Head office telephone: 02 8226 8200
Share register	Computershare Investor Services Pty Limited Level 2, Reserve Bank Building 45 St George Terrace Perth WA 6000 Shareholders Enquiries: 1300 787 272
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Solicitors	Landerer & Company Level 31 133 Castlereagh Street Sydney NSW 2000
Bankers	Commonwealth Bank of Australia Level 9, Tower 1201 Sussex Street, Sydney NSW 2000 St. George Bank 1 Chifley Square Sydney NSW 2000
Stock exchange listing	Yellow Brick Road Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: YBR)
Website	www.ybr.com.au
Corporate Governance Statement	The Corporate Governance Statement which was approved at the same time as the Annual Report can be found at https://www.ybr.com.au/investor-centre/corporategovernance

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 (variously referred to hereafter as 'Yellow Brick Road', 'YBR', the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

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

Mark Bouris - Chairman
Adrian Bouris
Owen Williams
John George (appointed on 3 June 2016)
Melanie Kansil (resigned on 30 April 2016)

Principal activities
During the financial 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.

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

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $9,528,000 (30 June 2015: $2,554,000).

Underlying earnings before interest expense, tax, depreciation and amortisation ('EBITDA') and excluding impairment charges and other non-operating expenses for the consolidated entity was a loss of $3,901,000 (2015: profit of $1,276,000). This is calculated as follows:

	Consolidated	
	2016 $'000	2015 $'000
Loss after income tax	(9,528)	(2,554)
Add: Depreciation and amortisation	2,147	1,828
Add: Interest expense	900	717
Less: Income tax benefit	(3,155)	(6,801)
Add: Impairment of goodwill	566	-
EBITDA	(9,070)	(6,810)
Add: Other non-operating expenses - cash and non-cash	6,052	8,086
Less: Gain on acquisitions	(883)	-
Underlying EBITDA	(3,901)	1,276

Other non-operating expenses, cash and non-cash, represent one-off acquisition, revaluation of loan book and integration related costs and are considered non-operating in nature.

Key features of underlying EBITDA result were:
- Revenue from continuing operations increased by 32.7% to $215,203,000 (2015: $162,190,000)
- Overheads from continuing operations increased by 51.9% to $34,324,000 (2015: $22,596,000)
- Underlying loan book increased by 22.6% to $37,762 million (2015: $30,800 million)
- Underlying funds under management increased by 5.2% to $703,000,000 (2015: $668,000,000)

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

Matters subsequent to the end of the financial year

On 25 August 2016, the company executed an Amendment and Restatement Deed with the Commonwealth Bank of Australia (‘CBA’) whereby:

- the maturity date of the consolidated entity’s bank loan facilities with the CBA has been extended by one year to 31 July 2018; and
- certain financial covenants have been amended to more appropriately relate to the consolidated entity’s business model and underlying assets.

All other material terms remain unchanged.

No other matter or circumstance has arisen since 30 June 2016 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.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations are detailed in the Chairman's letter and Chief Executive Officer's report attached as part of the Annual Report.

Environmental regulation

The consolidated entity has complied with all regulations applicable to the financial services sector industry. It is not required to report under any specific environmental legislation.

Information on directors

Name:	Mark Bouris
Title:	Executive Chairman
Qualifications:	BCom (UNSW), MCom (UNSW), HonDBus (UNSW), Hon DLitt (UWS), F.C.A
Experience and expertise:	Mark Bouris is the Executive Chairman of Yellow Brick Road and has over 27 years’ experience in the finance and property sectors. Mark is also Executive Chairman of TZ Limited, Non-Executive Chairman of Anteo Diagnostics Limited and a board member of the Sydney Roosters. He is an Adjunct Professor at the UNSW Australia Business School and he sits on boards for the UNSW Business Advisory Council, the Western Sydney University Foundation Council and the Chief Minister’s Advisory Council. Mark is also the author of three business and finance books.
Other current directorships:	Executive Chairman of TZ Limited (ASX:TZL), Non-Executive Chairman of Anteo Diagnostics Limited (ASX:ADO).
Former directorships (last 3 years):	Non-Executive Chairman of Serena Resources Limited
Special responsibilities:	None
Interests in shares:	51,211,262 ordinary shares
Interests in options:	None
Interests in rights:	10,000,000 performance rights
Contractual rights to shares:	None

Name:	Adrian Bouris
Title:	Non-Executive Director
Qualifications:	BCom (UNSW), LLB (UNSW)
Experience and expertise:	Adrian Bouris is a Non-Executive Director of Yellow Brick Road and has extensive experience in investment banking and corporate and commercial law. He is currently Principal and Managing Director of BBB Capital Pty Ltd, a boutique corporate advisory and investment company. Prior to founding BBB Capital Pty Ltd, Adrian was Managing Director of the Australian Investment Banking Division of ING Bank N.V., and was previously Director of SG Hambros Australia. He is also Director of The Surf Travel Company Holdings Pty Limited and Non-Executive Director of Surfing New South Wales, Sterling Publishing Pty Ltd and Smarter Money Investments Pty Ltd.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	3,155,400 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Name:	Owen Williams
Title:	Non-Executive Director
Qualifications:	BEc (UNE), MTax (Melb), FAICD
Experience and expertise:	Owen Williams is a Non-Executive Director of Yellow Brick Road and has a 31 years' background in investment management, finance and investment banking. He is currently Director of private consulting company ASIR Pty Ltd, and has previously held senior finance roles with Bain & Company, Babcock & Brown and Societe Generale. He is a former director of Tasmanian Ports Corporation.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee
Interests in shares:	498,250 ordinary shares
Interests in options:	None
Interests in rights:	None
Contractual rights to shares:	None

Name:	John George (appointed on 3 June 2016)
Title:	Non-Executive Director
Qualifications:	BCom (QUT), FCPA, FAIM, AICD, ACIS
Experience and expertise:	John George is a Non-Executive Director of Yellow Brick Road and has an extensive background in accounting, corporate advisory, transaction management, governance, investor relations, mergers and acquisitions. He is currently Director of private consulting Standard Edge, SGD Partners and previously held senior roles at KPMG, ASIC and Shine Corporate. His qualifications include former Deputy State President of the Governance Institute of Australia and Deputy Chair of the Public Companies Forum Group (Queensland).
Other current directorships:	None
Former directorships (last 3 years):	Director of Shine Lawyers.
Special responsibilities:	Member of the Audit and Risk Committee.
Interests in shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary
Richard Shaw is a certified practising accountant and holds a Master of Business Administration from the University of Technology, Sydney. He has over 25 years' experience as a finance executive including roles as CFO at OzEmail Internet, BlueFreeway Limited (following its takeover by Independent Print Media Group) and CommSecure Limited.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Held	Audit and Risk Committee Attended	Audit and Risk Committee Held
Mark Bouris *	8	9	-	-
Adrian Bouris	9	9	7	7
Owen Williams	9	9	7	7
John George	2	2	-	-
Melanie Kansil **	7	7	6	6

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Mark Bouris is not a member of the Audit and Risk Committee.
** Melanie Kansil resigned on 30 April 2016.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and other key management personnel ('KMP') arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of KMP compensation; and
- transparency.

The company does not have a dedicated Nomination and Remuneration Committee ('NRC'). The task of ensuring that the level of KMP remuneration is sufficient and reasonable and that its relationship to performance is clear is dealt with by the full Board. The performance of the consolidated entity depends on the quality of its KMP. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

This is achieved through adopting a remuneration structure that:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of executive and non-executive directors remuneration is separate.

Non-executive directors' remuneration
Non-executive directors' fees and payments are reviewed periodically. The Board relies on advice from independent remuneration consultants, from time to time, to ensure non-executive directors' fees and payments are appropriate and in line with the market. Non-executive directors do not receive share options or other incentives.

ASX listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 25 November 2014, where the shareholders approved an aggregate remuneration of $300,000.

Executive remuneration
The executive chairman's fees are determined independently to the fees of non-executive directors and are based on comparative roles in the external market. The executive chairman is not present at any discussions relating to determination of his own remuneration.

The consolidated entity aims to reward KMP with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The KMP remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the KMP's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed periodically by the Board, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remuneration.

KMP can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity.

Short-term incentives ('STI') are designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to KMP based on specific annual targets and key performance indicators ('KPI') being achieved.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is linked to their divisional performance and the performance of the consolidated entity, if relevant. Refer to section 'Details of remuneration' of the remuneration report for details.

Use of remuneration consultants
During the financial year ended 30 June 2016, the company did not engage the use of remuneration consultants.

Voting and comments made at the company's 2015 Annual General Meeting ('AGM')
At the 2015 AGM, 97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015. The consolidated entity did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors and other KMP of Yellow Brick Road Holdings Limited are set out in the following tables.

The KMP of the consolidated entity consisted of the directors of Yellow Brick Road Holdings Limited and the following persons:
- Matthew Lawler - Chief Executive Officer - Wealth (resigned on 18 July 2016 - will remain until 30 September 2016)
- Richard Shaw - Chief Financial Officer and Company Secretary
- Scott Graham - Chief Commercial Officer
- Tim Brown - Chief Executive Officer - Lending
- Andrew Zanchetta - Chief Executive Officer, Group Funding & Lending (ceased as a KMP on 31 December 2015)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Share-based payments	
2016	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled options $	Total $
Non-Executive Directors:								
Adrian Bouris	75,000	-	-	-	-	-	-	75,000
Owen Williams	68,493	-	-	6,507	-	-	-	75,000
Executive Directors:								
Mark Bouris (Chairman)	1,125,000	-	-	-	-	-	476,250	1,601,250
Other Key Management Personnel:								
Matthew Lawler	375,000	-	(2,160)	25,000	10,509	-	-	408,349
Richard Shaw	265,811	-	3,934	25,000	3,213	13,214	-	311,172
Scott Graham	352,771	-	12,159	30,479	534	-	-	395,943
Tim Brown	319,635	91,324	12,305	27,984	6,814	-	-	458,062
Andrew Zanchetta	159,817	-	3,789	9,654	1,670	-	-	174,930
	2,741,527	91,324	30,027	124,624	22,740	13,214	476,250	3,499,706

Andrew Zanchetta ceased as a KMP on 31 December 2015 (remuneration above is from 1 July 2015 to 31 December 2015).

John George did not receive any remuneration during the financial year ended 30 June 2016. He was appointed as director on 3 June 2016.

Melanie Kansil did not receive any remuneration during the financial years ended 30 June 2016 and 30 June 2015. She ceased to be a director on 30 April 2016.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2015	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Termination benefits $	Options $	Total $
Non-Executive Directors:							
Adrian Bouris	66,667	-	-	-	-	-	66,667
Owen Williams	61,005	-	-	5,795	-	-	66,800
Scott Jones ***	8,333	-	-	-	-	-	8,333
Executive Directors:							
Mark Bouris (Chairman) *	1,066,532	-	9,600	-	-	4,596,875	5,673,007
Other Key Management Personnel:							
Matthew Lawler	375,000	-	(1,442)	25,000	477	-	399,035
Richard Shaw	225,000	-	1,731	25,000	27,175	-	278,906
Scott Graham	145,833	-	11,064	13,854	33	-	170,784
Tim Brown	266,362	-	8,953	25,304	4,419	-	305,038
Andrew Zanchetta	159,817	-	8,328	15,183	503	-	183,831
Grant Pearson **	34,404	-	3,491	3,268	297	-	41,460
Bryn Nicholson **	35,000	-	2,744	3,325	213	-	41,282
Brad Seymour **	58,333	-	(5,928)	4,356	279	-	57,040
Chelsea O'Donnell **	20,833	-	1,153	3,167	21	-	25,174
	2,523,119	-	39,694	124,252	33,417	4,596,875	7,317,357

* GWH received equity settled share-based payments in the form of shares in the company to the value of $4,200,000 and performance rights for which $397,000 was allocated to remuneration for 2015.

** Ceased to be KMP on 31 August 2014

*** Ceased to be a director on 18 July 2014

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2016	2015	2016	2015	2016	2015
Non-Executive Directors:						
Adrian Bouris	100%	100%	-	-	-	-
Owen Williams	100%	100%	-	-	-	-
Scott Jones	-	100%	-	-	-	-
Executive Directors:						
Mark Bouris	72%	93%	-	-	28%	7%
Other Key Management Personnel:						
Matthew Lawler	100%	100%	-	-	-	-
Richard Shaw	97%	100%	-	-	3%	-
Scott Graham	100%	100%	-	-	-	-
Tim Brown	80%	100%	20%	-	-	-
Andrew Zanchetta	100%	100%	-	-	-	-
Grant Pearson	-	100%	-	-	-	-
Bryn Nicholson	-	100%	-	-	-	-
Brad Seymour	-	100%	-	-	-	-
Chelsea O'Donnell	-	100%	-	-	-	-

Service agreements

KMP have no entitlement to termination payments in the event of removal for misconduct.

Non-executive directors do not execute service agreements on appointment to the Board.

The Executive Chairman, Mark Bouris, is engaged under a consultancy agreement between the company and GWH, a company controlled by Mark Bouris. The term of the consultancy agreement expires on 31 July 2019. A maximum fee of $1,125,000 per annum is payable under this agreement. If GWH terminates for cause the company is required to pay the lesser of 12 months consultancy fees in lieu of notice or the balance of the consultancy fees payable on the remaining term of the agreement. If the company terminates the consultancy for cause no termination fees are payable to GWH.

Share-based compensation

Issue of shares

Details of shares issued to directors and other KMP as part of compensation during the year ended 30 June 2016 are set out below:

Name	Date	Shares	Issue price	Value $
Richard Shaw	21 October 2015	35,714	$0.70	25,000

Performance rights

On 29 August 2014, GWH (controlled by Mark Bouris) was granted 10,000,000 performance rights over ordinary shares of the company in four equal tranches of 2,500,000 each as part of his remuneration. The details of such grant of performance rights are as follows:

Grant date	Vesting date *	Expiry date	Share price target for vesting	Fair value per option at grant date
29 August 2014	29 August 2016	29 August 2019	$1.01	$0.150
29 August 2014	29 August 2017	29 August 2019	$1.21	$0.150
29 August 2014	29 August 2018	29 August 2019	$1.45	$0.150
29 August 2014	29 August 2019	29 August 2019	$1.74	$0.140

The total fair value of the performance rights granted was $1,475,000. The amount expense during the year ended 30 June 2016 is $476,000 (2015: $397,000). Performance rights granted carry no dividend or voting rights. There were no vested performance rights during the year.

Options
There were no options over ordinary shares granted to, or vested in, directors and other KMP as part of compensation during the year ended 30 June 2016.

Additional information
The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below:

	2016 $'000	2015 $'000	2014 $'000	2013 $'000	2012 $'000
Sales revenue	206,025	155,734	29,846	23,701	14,778
Loss after income tax	(9,528)	(2,554)	(8,759)	(6,576)	(6,826)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2016	2015	2014	2013	2012
Share price at financial year end ($)	0.18	0.48	0.65	0.61	0.24
Basic earnings per share (cents per share)	(3.42)	(0.96)	(4.50)	(3.82)	(4.36)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mark Bouris	49,453,865	-	-	-	49,453,865
Adrian Bouris	3,155,400	-	-	-	3,155,400
Owen Williams	498,250	-	-	-	498,250
Matthew Lawler	1,152,788	-	-	-	1,152,788
Richard Shaw	25,000	35,714	-	-	60,714
Tim Brown	330,040	-	-	-	330,040
	54,615,343	35,714	-	-	54,651,057

Performance rights holding
The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of KMP of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Mark Bouris*	10,000,000	-	-	-	10,000,000
	10,000,000	-	-	-	10,000,000

* Performance rights were issued to GWH.

This concludes the remuneration report, which has been audited.

Options and performance rights

Share options and performance rights over unissued ordinary shares of Yellow Brick Road Holdings Limited issued at the date of this report are as follows:

Grant date	Expiry date	Number of options and performance rights
7 September 2011 *	30 September 2017	5,138,958
29 August 2014 **	29 August 2019	10,000,000
29 July 2015 ***	27 September 2017	168,268
29 July 2015 ***	31 October 2017	144,230
29 July 2015 ***	7 February 2018	38,461
29 July 2015 ***	31 March 2018	38,461
29 July 2015 ***	30 November 2019	92,307
29 July 2015 ***	27 September 2020	168,268
29 July 2015 ***	31 October 2020	144,230
29 July 2015 ***	7 February 2021	38,461
29 July 2015 ***	31 March 2021	38,461
29 July 2015 ***	30 November 2022	92,307
		16,102,412

* Options granted to Nine Entertainment Co. (ASX: NEC). One fifth of the options may vest each year based on specific Brand Performance hurdles being achieved. Exercise price is the greater of $0.40 or 75% of the average yearly Volume-Weighted Average Prices ('VWAP') for each year since the year in which the relevant options were issued. There were no options vested and exercised in the year ended 30 June 2016.

** Performance rights granted to GWH, a company controlled by Mark Bouris. Refer to Note 29 for further details.

*** Performance rights granted to the former Resi Branch owners. Refer to Note 37 for further details.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2016 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of the company issued on the exercise of performance rights during the year ended 30 June 2016 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the company who are former partners of Grant Thornton Audit Pty Ltd.

Rounding of amounts
The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) 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 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 immediately follows this report.

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Mark Bouris

Mark Bouris
Executive Chairman

26 August 2016
Sydney

Grant Thornton

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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 audit of Yellow Brick Road Holdings Limited for the year ended 30 June 2016, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Madeleine Mattera

Madeleine Mattera
Partner - Audit & Assurance

Sydney, 26 August 2016

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Yellow Brick Road Holdings Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $'000	2015 $'000
Revenue from continuing operations	4	215,203	162,190
Share of profits of joint ventures accounted for using the equity method	34	737	440
Gain on acquisitions	32	883	-
Expenses			
Commissions and consultancy expenses		(172,559)	(130,724)
Employee benefits expense		(17,141)	(12,229)
Depreciation and amortisation expense	5	(2,147)	(1,826)
Impairment of assets	5	(566)	-
Operating expenses		(16,140)	(10,100)
Occupancy expenses		(1,609)	(892)
Other non-operating expenses	5	(6,052)	(8,086)
Finance costs	5	(13,336)	(9,279)
Loss before income tax benefit from continuing operations		(12,727)	(10,506)
Income tax benefit	6	3,155	6,801
Loss after income tax benefit from continuing operations		(9,572)	(3,705)
Profit after income tax expense from discontinued operations	7	44	1,151
Loss after income tax benefit for the year attributable to the owners of Yellow Brick Road Holdings Limited		(9,528)	(2,554)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain on the revaluation of available-for-sale financial assets, net of tax		-	84
Other comprehensive income for the year, net of tax		-	84
Total comprehensive income for the year attributable to the owners of Yellow Brick Road Holdings Limited		(9,528)	(2,470)
Total comprehensive income for the year is attributable to:			
Continuing operations		(9,572)	(3,621)
Discontinued operations		44	1,151
		(9,528)	(2,470)

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

	Note	Consolidated 2016 $'000	2015 $'000
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the owners of Yellow Brick Road Holdings Limited			
Basic earnings per share	36	(3.44)	(1.40)
Diluted earnings per share	36	(3.44)	(1.40)
Earnings per share for profit from discontinued operations attributable to the owners of Yellow Brick Road Holdings Limited			
Basic earnings per share	36	0.02	0.43
Diluted earnings per share	36	0.02	0.43
Earnings per share for loss attributable to the owners of Yellow Brick Road Holdings Limited			
Basic earnings per share	36	(3.42)	(0.96)
Diluted earnings per share	36	(3.42)	(0.96)

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 30 June 2016

	Note	Consolidated 2016 $'000	2015 $'000
Assets			
Current assets			
Cash and cash equivalents	8	6,854	10,784
Trade and other receivables	9	72,106	58,500
Deposits		466	466
Other	10	2,064	776
		81,490	70,526
Assets of disposal groups classified as held for sale	11	3,668	-
Total current assets		85,158	70,526
Non-current assets			
Trail commission receivables		184,666	171,504
Investments accounted for using the equity method	12	130	130
Available-for-sale financial assets		213	213
Property, plant and equipment	13	648	709
Intangibles	14	35,754	39,031
Other	15	2	2,479
Total non-current assets		221,413	214,066
Total assets		306,571	284,592
Liabilities			
Current liabilities			
Trade and other payables	16	71,940	52,118
Provisions	17	2,484	1,945
		74,424	54,063
Liabilities directly associated with assets classified as held for sale		179	-
Total current liabilities		74,603	54,063
Non-current liabilities			
Borrowings	18	7,404	4,705
Deferred tax	19	2,417	3,598
Provisions	20	105	163
Trail commissions payables		150,370	142,143
Total non-current liabilities		160,296	150,609
Total liabilities		234,899	204,672
Net assets		71,672	79,920
Equity			
Issued capital	21	109,672	108,924
Reserves	22	1,740	1,208
Accumulated losses		(39,740)	(30,212)
Total equity		71,672	79,920

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 year ended 30 June 2016

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 year	-	-	(2,554)	(2,554)
Other comprehensive income for the year, net of tax	-	84	-	84
Total comprehensive income for the year	-	84	(2,554)	(2,470)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	52,705	-	-	52,705
Share-based payments: shares issued (note 20)	4,200	-	-	4,200
Share-based payments: performance rights (note 21)	-	397	-	397
Balance at 30 June 2015	108,924	1,208	(30,212)	79,920

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 year	-	-	(9,528)	(9,528)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(9,528)	(9,528)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 21)	748	-	-	748
Share-based payments: performance rights (note 21)	-	532	-	532
Balance at 30 June 2016	109,672	1,740	(39,740)	71,672

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 year ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		190,733	136,326
Payments to suppliers and employees (inclusive of GST)		(192,621)	(138,567)
		(1,888)	(2,241)
Interest received		159	395
Interest and other finance costs paid		(659)	(717)
Income taxes paid		-	(160)
Net cash used in operating activities	35	(2,388)	(2,723)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	32	(2,800)	(35,794)
Payments for purchase of investments		-	(644)
Payments for property, plant and equipment		(77)	(146)
Payments for intangibles		(2,461)	(1,683)
Proceeds from disposal of investments		510	-
Net cash used in investing activities		(4,828)	(38,267)
Cash flows from financing activities			
Proceeds from issue of shares	21	-	42,050
Proceeds from borrowings		2,600	17
Proceeds from other loans		686	-
Share issue transaction costs		-	(2,205)
Loan establishment costs		-	(202)
Net cash from financing activities		3,286	39,660
Net decrease in cash and cash equivalents		(3,930)	(1,330)
Cash and cash equivalents at the beginning of the financial year		10,784	12,114
Cash and cash equivalents at the end of the financial year	8	6,854	10,784

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Yellow Brick Road Holdings Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Yellow Brick Road Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 1. Significant accounting policies (continued)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised at the fair value of consideration received or receivable.

Branch revenue includes the rendering of investment and wealth management services, mortgage broking services and general insurance services. Non branch revenue includes the rendering of investment and wealth management services, accounting services and general insurance services.

The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services – Investment and wealth management services
Revenue for the provision of investment and wealth management services is recognised on an accruals basis in the period in which the financial service or advice is given.

Rendering of services – Accounting services
Revenue from the provision of accounting services is calculated with reference to the professional staff hours incurred on each client assignment adjusted for any time that may not be recoverable.

Mortgage broking services - Origination commissions
Revenue from origination of mortgages is comprised of commission received at the time the loan is originated and a trailing commission which is received over the life of the loan. Origination commissions received are recognised as revenue on settlement of the loan. Commissions may be "clawed back" by lenders at a later date as per their individual policies.

Mortgage broking services - Trailing commissions
At the time of loan settlement, trailing commission revenue and the related receivable are recognised at fair value being the present value of the expected future trailing commissions to be received from the lending institution. An associated expense and payable to the YBR licensees is also recognised and measured at fair value being the present value of the expected future trailing commission payable to licensees.

Subsequent to initial recognition, both the trailing commission receivable and payable are measured at amortised cost. The carrying amounts of the receivable and payable are adjusted to reflect actual and revised estimated cash flows by recalculating the net present value of estimated future cash flows at the original effective interest rate. Any resulting adjustment to the carrying value is recognised in profit or loss.

Refer to Note 2 for the significant assumptions and estimates in measuring commission revenue.

General insurance services
Commissions received from underwriters based on the value of insurance premiums written, are recognised as revenue when relevant insurance cover is established.

Interest
Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Yellow Brick Road Holdings Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'standalone taxpayer/separate taxpayer within a group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

A deferred tax benefit relating to previously unrecorded tax losses has been recognised to the extent they are expected to be utilised against the deferred tax liability acquired.

Discontinued operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 - 90 days.

Receivables related to trailing commissions are recognised in accordance with the 'Revenue Recognition' accounting policy.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Note 1. Significant accounting policies (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5-10 years
Office equipment	4-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

Note 1. Significant accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Where an entity or operation is acquired in a business, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer/aggregator relationships
Customer and aggregator relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3-9 years.

Brands
The Resi, Vow and Loan Avenue brand names acquired in the business combinations are assessed as having a finite useful life of three years for Resi and indefinite useful life for the last 2 brands.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of four years.

Other intangibles
Costs in relation to other minor intangibles which are amortised on a straight-line basis over the period of their expected benefit.

Impairment of non-financial assets
Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-90 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries and other employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees and suppliers.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 1. Significant accounting policies (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Note 1. Significant accounting policies (continued)

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Yellow Brick Road Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts
The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) 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 instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations. The main standards are listed below together with the applicability date:

Note 1. Significant accounting policies (continued)

- AASB 9 'Financial Instruments' applicable to annual reporting periods beginning on or after 1 January 2018;
- AASB 15 'Revenue from Contracts with Customers', applicable to annual reporting periods beginning on or after 1 January 2018; and
- AASB 16 'Leases', applicable to annual reporting periods beginning on or after 1 January 2019.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Revenue recognition
As disclosed in note 1, revenue from trailing commissions is initially recognised at fair value based on the future trailing commissions expected to be received and subsequently adjusted as necessary. The fair value is based on the estimated discounted cash flows expected to be received and reflects the expected life of the underlying loans and drop off rates.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Key assumptions are disclosed in note 14.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Estimation of lending trail commissions
The consolidated entity recognises a receivable and payable for lending trail commissions at the inception of the lending contract where there is no further contractual obligation to provide a service. The asset and liability are measured as the expected future cash flows to be received or paid over the life of the loan allowing for a ‘run off’ of clients that discontinue their loan resulting in trail commissions no longer being receivable or payable. The asset is tested for impairment annually. The asset and liability are adjusted for any differences in the expected trail run off and the actual run off experienced. Historical experience, knowledge of the consolidated entity’s client base and industry statistics have all been used to determine the appropriate level of assumed run off and the resulting net present value of lending trail commission balances receivable or payable. Key assumptions include a discount rate of 6-12.5% and a weighted average loan life of 3.8-5 years.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Recognition of agency arrangements
The consolidated entity recognises certain agreements with unrelated entities as Agency Arrangements. Determining that the consolidated entity is the principal in such arrangements requires the exercise of judgement and the consideration of factors such as: the basis of the agent's remuneration, identification of the service provider, capacity to determine price, exposure to credit risk, and exposure to the risks and rewards of the service provision.

Recognition of deferred tax assets
The net deferred tax liability balance relates to carried forward losses of the consolidated entity. The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the consolidated entity's future taxable income against which the deferred tax assets can be utilised.

Note 3. 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.

Major customers
During the year ended 30 June 2016 the consolidated entity didn't have a major costumer that contributed more than 10% of total revenue (2015: Nil).

Operating segment information

Consolidated - 2016	Branch network $'000	Professional services $'000	Other segments $'000	Total $'000
Revenue				
Sales to external customers	202,076	3,949	-	206,025
Other revenue	11,778	-	162	11,940
Total revenue	213,854	3,949	162	217,965
Loss before income tax benefit				(12,683)
Income tax benefit				3,155
Loss after income tax benefit				(9,528)

Note 3. Operating segments (continued)

Consolidated - 2015	Branch network $'000	Professional services $'000	Other segments $'000	Total $'000
Revenue				
Sales to external customers	150,637	5,097	-	155,734
Other revenue	9,839	-	322	10,161
Total revenue	160,476	5,097	322	165,895
Loss before income tax benefit				(9,355)
Income tax benefit				6,801
Loss after income tax benefit				(2,554)

Note 4. Revenue

	Consolidated 2016 $'000	Consolidated 2015 $'000
From continuing operations		
Sales revenue		
Branch network	202,076	150,637
Non-branch: Professional services	1,187	1,392
	203,263	152,029
Other revenue		
Dividends	3	6
Interest	159	316
Discount unwind on trail commission receipts	11,778	9,839
	11,940	10,161
Revenue from continuing operations	215,203	162,190

Note 5. Expenses

	Consolidated 2016 $'000	2015 $'000
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Leasehold improvements	55	123
Office equipment	141	155
Total depreciation	196	278
Amortisation		
Customer relationships	989	824
Brands	220	305
Software	408	301
Other intangibles	334	120
Total amortisation	1,951	1,550
Total depreciation and amortisation	2,147	1,828
Impairment		
Goodwill (refer to note 14)	566	-
Other non-operating expenses		
Acquisition and integration expenses	2,076	3,886
Share-based payments expense (refer to notes 21 and 30)	73	4,200
Revaluation of underlying loan book	3,903	-
Total other non-operating expenses	6,052	8,086
Finance costs		
Interest and finance charges paid/payable	900	717
Discount unwind on trail commission payments	12,436	8,562
Finance costs expensed	13,336	9,279
Marketing expenses	8,967	4,397
Consultancy expenses	1,977	1,654
Options expense	532	397
Defined contribution superannuation expense	1,122	749
Rental expense relating to operating leases	954	444

Note 6. Income tax benefit

	Consolidated 2016 $'000	Consolidated 2015 $'000
Income tax benefit		
Deferred tax - origination and reversal of temporary differences	(3,155)	(6,801)
Aggregate income tax benefit	(3,155)	(6,801)
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities (note 19)	(3,155)	(6,801)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit from continuing operations	(12,727)	(10,506)
Profit before income tax expense from discontinued operations	44	1,151
	(12,683)	(9,355)
Tax at the statutory tax rate of 30%	(3,805)	(2,807)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	41	26
Impairment of goodwill	170	-
Share-based payments	143	1,379
Deduction for YBRH direct to equity costs	2	372
Capital expenditure	178	-
Other adjustments	116	-
	(3,155)	(1,030)
Prior year tax losses not previously recognised, now recognised	-	(7,810)
Prior year temporary differences not previously recognised, now recognised	-	2,039
Income tax benefit	(3,155)	(6,801)

	Consolidated 2016 $'000	Consolidated 2015 $'000
Amounts credited directly to equity		
Deferred tax liabilities (note 19)	-	(597)
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	-	2,737
Potential tax benefit @ 30%	-	821

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed, and the consolidated entity is generating sufficient taxable income.

Note 7. Discontinued operations

Description
The Company has resolved to divest the accounting cash generating unit and is in negotiation with potential purchasers.

Note 7. Discontinued operations (continued)

Financial performance information

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Revenue		
Non-branch: Professional services	2,762	3,705
Expenses		
Commissions and consultancy expenses	(166)	(56)
Employee benefits expense	(1,849)	(2,192)
Depreciation and amortisation expense	-	(2)
Operating expenses	(577)	(149)
Occupancy expenses	(126)	(155)
Total expenses	(2,718)	(2,554)
Profit before income tax expense	44	1,151
Income tax expense	-	-
Profit after income tax expense from discontinued operations	44	1,151

Cash flow information

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Net cash from/(used in) operating activities	(812)	984
Net cash from/(used in) financing activities	895	(1,140)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	83	(156)

Carrying amounts of assets and liabilities disposed

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Property, plant and equipment	6	-
Intangibles	3,662	-
Total assets	3,668	-
Trade and other payables	179	-
Total liabilities	179	-
Net assets	3,489	-

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2016 $'000	2015 $'000
Cash at bank	6,852	6,557
Cash on deposit	2	4,227
	6,854	10,784

Note 9. Current assets - trade and other receivables

	Consolidated	
	2016 $'000	2015 $'000
Trade receivables	3,016	2,312
Less: Provision for impairment of receivables	(974)	(379)
	2,042	1,933
Other receivables	15,304	15,737
Trail commission receivables	54,760	40,830
	72,106	58,500

Impairment of receivables
The consolidated entity has recognised an expense of $595,000 (2015: a gain of $61,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2016.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2016 $'000	2015 $'000
3 to 6 months overdue	347	136
Over 6 months overdue	627	243
	974	379

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2016 $'000	2015 $'000
Opening balance	379	440
Additional provisions recognised	595	147
Additions through business combinations	-	30
Receivables written off during the year as uncollectable	-	(238)
Closing balance	974	379

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $273,000 as at 30 June 2016 ($665,000 as at 30 June 2015).

Note 9. Current assets - trade and other receivables (continued)

The consolidated entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2016 $'000	2015 $'000
1 month overdue	134	228
2 months overdue	139	135
Over 2 months overdue	-	302
	273	665

The above information relates to trade receivables. All other financial assets, both current and non-current, are neither past due nor impaired.

Note 10. Current assets - other

	Consolidated	
	2016 $'000	2015 $'000
Prepayments *	2,043	755
Other	21	21
	2,064	776

* Refer to note 30 for further information on related party prepayments of $1,248,000 (2015: $150,000).

Note 11. Current assets - assets of disposal groups classified as held for sale

The Company has resolved to divest the accounting cash generating unit and is in negotiation with potential purchasers.

	Consolidated	
	2016 $'000	2015 $'000
Property, plant and equipment	6	-
Goodwill	3,662	-
	3,668	-

Note 12. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2016 $'000	2015 $'000
Investment in joint venture Smarter Money Investments Pty Ltd (formerly YBR Funds Management Pty Limited)	130	130

Refer to note 34 for further information on interests in joint ventures.

Note 13. Non-current assets - property, plant and equipment

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Leasehold improvements - at cost	1,205	1,157
Less: Accumulated depreciation	(974)	(919)
	231	238
Office equipment - at cost	2,279	2,530
Less: Accumulated depreciation	(1,862)	(2,059)
	417	471
	648	709

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

Consolidated	Leasehold improvements $'000	Office equipment $'000	Total $'000
Balance at 1 July 2014	277	327	604
Additions	50	96	146
Additions through business combinations (note 32)	34	203	237
Depreciation expense	(123)	(155)	(278)
Balance at 30 June 2015	238	471	709
Additions	14	56	70
Additions through business combinations (note 32)	34	38	72
Classified as held for sale	-	(7)	(7)
Depreciation expense	(55)	(141)	(196)
Balance at 30 June 2016	231	417	648

Note 14. Non-current assets - intangibles

	Consolidated	
	2016 $'000	**2015 $'000**
Goodwill - at cost	24,114	29,776
Less: Impairment	(566)	(2,000)
	23,548	27,776
Customer/aggregator relationships - at cost	8,472	8,100
Less: Accumulated amortisation	(1,813)	(824)
	6,659	7,276
Brands - at cost	2,139	2,000
Less: Accumulated amortisation	(525)	(305)
	1,614	1,695
Software - at cost	4,316	2,648
Less: Accumulated amortisation	(1,341)	(964)
	2,975	1,684
Other intangible assets - at cost	1,523	856
Less: Accumulated amortisation	(565)	(256)
	958	600
	35,754	39,031

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

Consolidated	Goodwill $'000	Customer/ aggregator relationships $'000	Brands $'000	Software $'000	Other $'000	Total $'000
Balance at 1 July 2014	8,128	-	-	828	29	8,985
Additions	-	-	-	1,134	549	1,683
Additions through business combinations (note 32)	19,648	8,100	2,000	23	142	29,913
Amortisation expense	-	(824)	(305)	(301)	(120)	(1,550)
Balance at 30 June 2015	27,776	7,276	1,695	1,684	600	39,031
Additions	-	-	-	1,555	692	2,247
Additions through business combinations (note 32)	-	372	139	352	-	863
Classified as held for sale	(3,662)	-	-	-	-	(3,662)
Impairment of assets	(566)	-	-	-	-	(566)
Write off of assets	-	-	-	(208)	-	(208)
Amortisation expense	-	(989)	(220)	(408)	(334)	(1,951)
Balance at 30 June 2016	23,548	6,659	1,614	2,975	958	35,754

Impairment testing for goodwill
Impairment testing was based on a value-in-use approach for all CGU's except Accounting. For the CGU's tested, the recoverable amounts were determined to be higher than the carrying amount and therefore no impairment loss was recognised.

Note 14. Non-current assets - intangibles (continued)

Value-in-use was determined by discounting future cash flows generated from the continuing use of the CGU's.

In the financial year ended 30 June 2016, assumptions have been determined separately for each CGU. Key assumptions relevant to each CGU.

The goodwill was allocated to the following Cash Generating Units ('CGUs'):

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Accounting	-	4,228
Wealth Management	3,900	3,900
Lending	19,648	19,648
	23,548	27,776

Accounting
Impairment testing of the Accounting CGU was based on the market value approach. This has resulted in an impairment of $566,000 of the goodwill for Accounting.

Wealth Management
Cash flow projections are based on financial budgets which are extrapolated for a further five years, together with a terminal value. The growth rates are split by product and are based on industry growth figures. However, where a product is in the early stage of its life-cycle, a growth rate greater than market may be used.

The following assumptions have been used:
a) 11.5% (2015: 11.5%) discount rate
b) -4.7% - 44.3% (2015: 2.5% - 157.0%) per annum projected growth rate
c) -9.0% - 17.6% (2015: 2.5% - 59.0%) per annum increase in operating costs and overheads
d) 3.6% (2015: 2.5%) terminal growth rate

Sensitivity analysis
Management have made judgements and estimates in respect of impairment testing of goodwill. The carrying amount of goodwill may decrease if these judgements and estimates do not occur. Management have performed sensitivity analysis as follows:

a) Assume a 20% reduction in investment inflows for each year. This will result in a reduction in VIU headroom of approximately $2,700,000 to $5,000,000.
b) A decrease of 25% in growth targets for each year in the Life and Advice division will result in a reduction in VIU headroom of approximately $5,600,000 to $2,100,000.
c) Assume 0% growth for the new Money Manager division, this will result in a reduction in VIU headroom of approximately $1,000,000 to $6,700,000.

Lending
In FY 2016, the Mortgage and Distribution CGU was merged with the Vow CGU. This was done as a result of changes in business operations and structure. The key changes are:
1) Aggregation of YBR revenues via Vow rather than a third party provider (Connective)
2) Joint negotiation of commercial incentives for YBR and Vow with Macquarie bank
3) Restructuring of the group under two key business lines managed by separate CEO's.

These changes have created greater interdependence of cash flows and synergies between the Vow CGU and the Mortgage and Distribution CGU. As a result the two were combined to form the Lending CGU.

Cash flow projections are based on financial budgets which are extrapolated for a further five years, together with a terminal value. The growth rates are split by business unit and are based on industry growth figures. However, where a business unit is in the early stage of its life-cycle, a growth rate greater than market may be used. The cash flow projections also include the cash flows of the Loan Avenue business which was acquired in May 2016.

Note 14. Non-current assets - intangibles (continued)

The following assumptions have been used:
a) 13.75% (2015: 13.75%) discount rate.
b) -30.6% - 35.7% (2015: 2.5% - 98.0%) per annum projected growth rate
c) -13.7% - 3.2% (2015: 2.5% - 10.0%) per annum increase in operating costs and overheads
d) 2.5% (2015: 2.5%) terminal growth rate.

Sensitivity analysis
Management estimates that no reasonable changes in any one of the key assumptions would have a significant impact on the value-in-use measurement of intangible assets and goodwill that would require the assets to be impaired.

Note 15. Non-current assets - other

	Consolidated	
	2016 $'000	2015 $'000
Prepayments *	-	1,795
Other	-	172
Investments	2	512
	2	2,479

* Refer to note 30 for further information on related party prepayments of $1,650,350 for 2015.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2016 $'000	2015 $'000
Trade payables	16,027	11,117
Trail commission payables	45,732	33,458
Accrued expenses	1,829	1,063
Income received in advance	751	819
Underwriter payables	377	723
Other payables	7,224	4,938
	71,940	52,118

Refer to note 24 for further information on financial instruments.

Note 17. Current liabilities - provisions

	Consolidated	
	2016 $'000	2015 $'000
Employee benefits	1,814	1,261
Lease make good	114	106
Other	556	578
	2,484	1,945

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Note 17. Current liabilities - provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2016	Lease make good $'000	Other $'000
Carrying amount at the start of the year	106	578
Additions through business combinations (note 32)	8	-
Amounts used	-	(22)
Carrying amount at the end of the year	114	556

Note 18. Non-current liabilities - borrowings

	Consolidated	
	2016 $'000	**2015 $'000**
Bank loans	7,600	5,000
Transaction costs	(196)	(295)
	7,404	4,705

Refer to note 24 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2016 $'000	**2015 $'000**
Bank loans	7,600	5,000

Note 18. Non-current liabilities - borrowings (continued)

Assets pledged as security
Bank loan facilities are financed by the Commonwealth Bank of Australia which are secured by a first ranking charge over all present and future acquired property of the consolidated entity.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Total facilities		
Bank loans	10,800	12,000
Other loans	500	500
	11,300	12,500
Used at the reporting date		
Bank loans	7,600	5,000
Other loans	-	-
	7,600	5,000
Unused at the reporting date		
Bank loans	3,200	7,000
Other loans	500	500
	3,700	7,500

Note 19. Non-current liabilities - deferred tax

	Consolidated 2016 $'000	Consolidated 2015 $'000
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangibles	2,473	2,728
Net trail commissions receivables/payables	12,972	11,020
Deferred tax asset in relation to cost of equity raising	(282)	(739)
Acquisition costs	(189)	-
Accruals	(1,279)	(846)
Tax losses	(11,349)	(8,649)
Other	71	84
Deferred tax liability, net	2,417	3,598
Movements:		
Opening balance	3,598	-
Credited to profit or loss (note 6)	(3,155)	(6,801)
Credited to equity (note 6)	-	(597)
Additions through business combinations (note 32)	1,974	10,996
Closing balance	2,417	3,598

Note 20. Non-current liabilities - provisions

	Consolidated	
	2016 $'000	2015 $'000
Employee benefits	105	163

Note 21. Equity - issued capital

	Consolidated			
	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Ordinary shares - fully paid	280,953,325	278,161,332	109,672	108,924

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2014	194,864,828		52,019
Capital raising	29 August 2014	60,071,429	$0.70	42,050
Shares issued to acquire Resi Mortgage Corporation Pty Limited	29 August 2014	7,857,144	$0.70	5,500
Shares issued to acquire Vow Financial Holdings Pty Limited	29 August 2014	9,267,240	$0.70	6,487
Shares issued to Golden Wealth Holdings Pty Ltd	29 August 2014	6,000,000	$0.70	4,200
Shares issue to employees	21 October 2014	100,691	$0.50	60
Shares transaction costs		-	$0.00	(1,392)
Balance	30 June 2015	278,161,332		108,924
Shares issue to employees	21 October 2015	195,840	$0.37	73
Shares issued to acquire the Loan Avenue business	2 June 2016	2,596,153	$0.26	675
Balance	30 June 2016	280,953,325		109,672

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Options and performance rights
At 30 June 2016, there were 5,138,958 (2015: 6,851,944) options over ordinary shares on issue. 3,425,972 (2015: 3,425,972) of the options had vested as at 30 June 2016. There were also 10,000,000 performance rights over ordinary shares on issue at 30 June 2016. There were also 963,454 new granted performance rights over ordinary shares on issue at 30 June 2016. There were none vested during the year.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Note 21. Equity - issued capital (continued)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company or invest in growth initiating was seen as value adding.

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Note 22. Equity - reserves

	Consolidated	
	2016 $'000	2015 $'000
Share-based payments reserve	1,451	919
Available-for-sale assets revaluation reserve	184	184
Fair value reserve	105	105
	1,740	1,208

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Available-for-sale assets revaluation reserve
The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

Fair value reserve
The reserve is used to recognise the value of the discount applied to non-current financial liabilities in order to recognise them at their fair value in the statement of financial position.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share-based payments $'000	Available-for sale assets revaluation $'000	Fair value $'000	Total $'000
Balance at 1 July 2014	522	100	105	727
Option expense	397	-	-	397
Available-for sale assets revaluation	-	84	-	84
Balance at 30 June 2015	919	184	105	1,208
Option expense	532	-	-	532
Balance at 30 June 2016	1,451	184	105	1,740

Note 23. Equity - dividends

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

Note 24. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the board. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units.

Market risk

Foreign currency risk
The consolidated entity is not exposed to significant foreign currency risk.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
Interest rate risk arises from fluctuations in interest bearing financial assets or liabilities that the consolidated entity may have. The consolidated entity's main interest rate risk arises from its cash at bank and bank loans.

As at the reporting date, the consolidated entity had the following variable rate borrowings and cash and cash equivalents outstanding:

	2016		2015	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	**Weighted average interest rate %**	**Balance $'000**
Cash and cash equivalents	2.39%	6,854	2.97%	10,784
Loans	5.83%	(7,600)	6.56%	(5,000)
Net exposure to cash flow interest rate risk		(746)		5,784

An official increase/decrease in interest rates of 100 (2015: 100) basis points would have favourable/adverse effect on profit before tax of $7,400 (2015: favourable/adverse $57,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts, forecasts.

Credit risk
Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity. However, 7% (2015: 8%) of the value of trail commission receivable relates to loans provided by a single financial institution to customers of the consolidated entity. In the unlikely event that this APRA regulated financial institution was subject to an insolvency event, the consolidated entity's obligation to remit future trail commission to its independent branch network would also be suspended pending future receipts, thereby mitigating the financial impact of any default to a point where it would have no material impact on the financial viability of consolidated entity.

Note 24. Financial instruments (continued)

The consolidated entity has a concentration of credit risk in relation to its bank balances and deposits to a number of Australian banks, other financial institutions and funds. The risk is mitigated due to the high credit rating of the banks, funds and government backed guarantees.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated	
	2016 $'000	**2015 $'000**
Bank loans	3,200	7,000
Other loans	500	500
	3,700	7,500

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	16,027	-	-	-	16,027
Other payables	-	7,224	-	-	-	7,224
Trail commission payables	-	45,732	35,961	69,485	44,924	196,102
Underwriter payables	-	377	-	-	-	377
Income received in advance	-	751	-	-	-	751
Interest-bearing - fixed rate						
Bank loans	5.83%	443	443	7,637	-	8,523
Total non-derivatives		70,554	36,404	77,122	44,924	229,004

Note 24. Financial instruments (continued)

Consolidated - 2015	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	11,117	-	-	-	11,117
Other payables	-	4,938	-	-	-	4,938
Trail commission payables	-	33,458	29,404	60,194	52,545	175,601
Underwriter payables	-	723	-	-	-	723
Income received in advance	-	819	-	-	-	819
Interest-bearing - fixed rate						
Bank loans	6.56%	328	5,164	-	-	5,492
Total non-derivatives		51,383	34,568	60,194	52,545	198,690

Trail commission is based on expected maturity, not contracted maturity. Other maturities reflect contracted maturities.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 25. 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 - 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets	213	-	-	213
Total assets	213	-	-	213

Consolidated - 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Available-for-sale financial assets	213	-	-	213
Total assets	213	-	-	213

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 year.

Note 25. Fair value measurement (continued)

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.

There is a potential earn-out for the acquisition of the Loan Avenue business of $334,000. This has been taken into account in determining the consideration paid. Refer to note 32 for further details.

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

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2016 $	2015 $
Short-term employee benefits	2,862,878	2,562,813
Post-employment benefits	124,624	124,252
Long-term benefits	22,740	33,417
Share-based payments	489,464	4,596,875
	3,499,706	7,317,357

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company, and unrelated firms:

	Consolidated	
	2016 $	2015 $
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	222,589	255,500
Other services - Grant Thornton Audit Pty Ltd		
Taxation services	114,450	31,000
Advisory services	2,050	92,000
	116,500	123,000
	339,089	378,500
Audit services - unrelated firms		
Audit or review of the financial statements	24,000	8,650

Note 28. Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2016 of $1,199,000 (2015: $1,105,000).

Note 29. Commitments

	Consolidated	
	2016 $'000	2015 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,296	1,097
One to five years	4,622	3,863
More than five years	-	904
	5,918	5,864

Operating lease commitments includes contracted amounts for office accommodation, under non-cancellable operating leases expiring within three to six years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 30. Related party transactions

Parent entity
Yellow Brick Road Holdings Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Joint ventures
Interests in joint ventures are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Note 30. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2016 $	Consolidated 2015 $
Sale of goods and services:		
Sales to TZ Limited (director-related entity of Mark Bouris) - Accounting and secretarial services	56,096	299,365
Sales to TZ Limited (director-related entity of Mark Bouris) - Insurance services	170	800
Sales to TZ Limited (director-related entity of Mark Bouris) - Marketing services	60,000	120,000
Sales to TZ Limited (director-related entity of Mark Bouris) - Rent and administration services	171,960	198,917
Sales to State Capital Property Ltd (director-related entity of Mark Bouris) - Insurance services	13,933	13,678
Sales to parties related to Mark Bouris for insurance services	3,048	-
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	19,957,586	6,239,651
Other income:		
Other income from Nine Entertainment Group (shareholder-related entity)	190,000	-
Payment for goods and services:		
Rent paid to State Capital Property Ltd (director-related entity of Mark Bouris)	-	30,000
Payment for consultancy services from Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris)	1,125,000	1,066,532
Purchases of services from Chifley Travel (director-related entity of Adrian Bouris)	28,227	43,000
Purchases of services from BBB Capital Pty Limited (director-related entity of Adrian Bouris) - Corporate finance services	340,000	1,100,000
Purchases for marketing services related to Nine Entertainment Group (shareholder-related entity) (refer Note a)	5,905,730	2,240,338
Payment for other expenses:		
Interest expense to Nine Entertainment Group (shareholder-related entity)	150,000	-

Other transactions:
On 29 August 2014 the consolidated entity issued 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 five years. The amount expensed for the financial year 30 June 2016 amounted to $476,000 (2015: $397,000).

Note 30. 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	
	2016	**2015**
	$	**$**
Current receivables:		
Trade receivables from TZ Limited (director-related entity of Mark Bouris)	41,810	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)	1,248,482	150,000
Commissions from Macquarie Bank	4,548,088	1,081,907
Trade receivables from Nine Entertainment Group (shareholder-related entity)	209,000	-
Non-current receivables:		
Prepayment from the Nine Entertainment Group (shareholder-related entity) (refer Note a)	-	1,650,350
Commissions from Macquarie Bank	13,110,467	7,417,594
Current payables:		
Rental expenses payable to State Capital Property Ltd (director-related entity of Mark Bouris)	33,000	33,000
Marketing and interest expenses payable to Nine Entertainment Group (shareholder-related entity)	3,460,882	-

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 $560,816 (2015: $2,240,338) was used during the year ended 30 June 2016, leaving an unused balance (prepayment) of $1,248,482 (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	
	2016	**2015**
	$	**$**
Non-current receivables:		
Loan to Smarter Money Investments Pty Ltd (formerly: YBR Funds Management Pty Ltd)	139,787	144,282

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

Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2016	**2015**
	$'000	**$'000**
Profit/(loss) after income tax	1,414	(21,931)
Total comprehensive income	1,414	(21,931)

Note 31. Parent entity information (continued)

Statement of financial position

	Parent 2016 $'000	Parent 2015 $'000
Total current assets	42,037	45,027
Total assets	85,000	80,579
Total current liabilities	100	648
Total liabilities	2,504	648
Equity		
Issued capital	105,378	104,703
Share-based payments reserve	873	397
Available-for-sale assets revaluation reserve	1,009	1,009
Accumulated losses	(24,764)	(26,178)
Total equity	82,496	79,931

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries and joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Business combinations

Current year acquisition

Loan Avenue Pty Ltd
On 31 May 2016, the consolidated entity acquired through its wholly-owned subsidiary, Loan Avenue Holdings Pty Ltd, the business and assets of privately-owned non-bank lender Loan Avenue Pty Ltd. for the total consideration transferred of $4,155,000. This acquisition was made to quickly build more scale in South Australia, diversify and deepen the distribution network and funding relationships and increase the management capability. The acquired business contributed revenues of $379,000 and net profit of $92,000 to the consolidated entity for the period from 31 May 2016 to 30 June 2016. If the acquisition occurred on 1 July 2015, the contributions would have been revenues of $4,692,000 and net profit of $825,000. The values identified in relation to the acquisition of Loan Avenue are provisional as at 30 June 2016.

Acquisition costs expensed to profit or loss during the financial year were $542,000. These costs have been recognised in the other non-operating expenses - cash and non-cash, in the statement of profit or loss and other comprehensive income.

Details of the acquisition are as follows:

	Fair value $'000
Trade and other receivables	6,578
Plant and equipment	72
Intangible	511
Trade payables	(219)
Deferred tax liability	(1,974)
Other provisions	(82)
Net assets acquired	4,886
Gain on acquisition	(731)
Acquisition-date fair value of the total consideration transferred	4,155
Representing:	
Cash paid or payable to vendor	2,600
Yellow Brick Road Holdings Limited shares issued to vendor	675
Deferred cash consideration *	546
Earn-out **	334
	4,155
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	4,155
Less: payments to be made in future periods	(880)
Less: shares issued by company as part of consideration	(675)
Net cash used	2,600

* Deferred cash consideration of $450,000 is payable in 3 instalments over the first 12 months, after completion.

** Subject to satisfying certain earn-out conditions during the period ending on the first anniversary of completion, additional amount of $300,000 in cash and up to $75,000 in the consolidated entity shares (to be issued at the same agreed issue price of $0.26 each), payable as soon as Loan Avenue's relevant performance against the earn-out conditions is agreed or determined. We expect to pay the full amount of the earnout.

All consolidated entity shares to be issued will be subject to a voluntary 12 months escrow period from the dates of their issue.

Note 32. Business combinations

Brightday
On 23 March 2016, the consolidated entity acquired 'Brightday', a web-based B2C investment business for the total consideration transferred of $200,000. This acquisition will improve an important capability for the consolidated entity's strategy. The values identified in relation to the acquisition of Brightday are provisional as at 30 June 2016.

Acquisition costs expensed to profit or loss during the financial year were $121,000. These costs have been recognised in the other non-operating expenses - cash and non-cash, in the statement of profit or loss and other comprehensive income.

Details of the acquisition are as follows:

	Fair value $'000
Software and website	352
Net assets acquired	352
Gain on acquisition	(152)
Acquisition-date fair value of the total consideration transferred	200
Representing:	
Cash paid or payable to vendor	(200)

Comparative period
On 29 August 2014, the consolidated entity acquired 100% of the ordinary shares of Resi Mortgage Corporation Pty Limited ('Resi') and Vow Financial Holding Pty Limited ('Vow') for the total consideration transferred of $49,823,000. Both acquisitions were made to expand the business and enhance the consolidated entity’s position in the ‘non-bank’ segment of the financial services market. The goodwill of $19,648,000 primarily related to growth expectations and expected future profitability. The acquired business contributed revenues of $126,204,000 and net profit of $3,156,000 to the consolidated entity for the period from 29 August 2014 to 30 June 2015. If the acquisition occurred on 1 July 2014, the contributions would have been revenues of $144,215,000 and net profit of $2,424,000.

Note 32. Business combinations

Details of the acquisition are as follows:

	Resi Fair value $'000	Vow Fair value $'000	Total Fair value $'000
Cash and cash equivalents	7	1,934	1,941
Trade receivables	7	134	141
Prepayments	69	334	403
Other current assets	6,409	33,944	40,353
Plant and equipment	112	125	237
Customer relationships and brand names	6,400	3,700	10,100
Software and other intangibles	23	142	165
Other non-current assets	20,447	103,416	123,863
Trade and other payables	(44)	(305)	(349)
Other payables	(1,790)	(32,166)	(33,956)
Provision for income tax	-	(162)	(162)
Deferred tax liability	(7,659)	(3,337)	(10,996)
Employee benefits	(273)	(236)	(509)
Other provisions	(84)	(622)	(706)
Other non-current liabilities	(4,699)	(95,651)	(100,350)
Net assets acquired	18,925	11,250	30,175
Goodwill	14,476	5,172	19,648
Acquisition-date fair value of the total consideration transferred	33,401	16,422	49,823
Representing:			
Cash paid or payable to vendors	27,901	9,834	37,735
Yellow Brick Road Holdings Limited shares issued to vendors	5,500	6,487	11,987
Deferred consideration	-	101	101
	33,401	16,422	49,823
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	33,401	16,422	49,823
Less: cash and cash equivalents	(7)	(1,934)	(1,941)
Less: shares issued by company as part of consideration	(5,500)	(6,487)	(11,987)
Less: deferred consideration	-	(101)	(101)
Net cash used	27,894	7,900	35,794

Note 33. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Yellow Brick Road Group Pty Ltd	Australia	100.00%	100.00%
Skasgard Pty Ltd	Australia	100.00%	100.00%
Gessle Pty Ltd	Australia	100.00%	100.00%
Carithas Pty Ltd	Australia	100.00%	100.00%
Boreanaz Pty Ltd	Australia	100.00%	100.00%
Yellow Brick Road Investment Partners Pty Ltd	Australia	100.00%	100.00%
Yellow Brick Road Investment Services Pty Ltd	Australia	100.00%	100.00%
Yellow Brick Road Services Pty Ltd	Australia	100.00%	100.00%
Yellow Brick Road Accounting and Wealth Management Pty Ltd	Australia	100.00%	100.00%
Yellow Brick Road Financial Planners Pty Ltd	Australia	100.00%	100.00%
Resi Wholesale Funding Pty Limited (formerly known as Yellow Brick Road Real Estate Pty Ltd)	Australia	100.00%	100.00%
Yellow Brick Road Finance Pty Ltd	Australia	100.00%	100.00%
Yellow Brick Road Accounting and Taxation Services Pty Ltd	Australia	100.00%	100.00%
Yellow Brick Road Wealth Management Pty Ltd	Australia	100.00%	100.00%
YBR Lawyers Pty Ltd	Australia	100.00%	100.00%
Resi Mortgage Corporation Pty Limited	Australia	100.00%	100.00%
Vow Financial Holding Pty Limited	Australia	100.00%	100.00%
Vow Financial Group Pty Ltd	Australia	100.00%	100.00%
The Mortgage Professionals Pty Ltd	Australia	100.00%	100.00%
Vow Financial Pty Ltd	Australia	100.00%	100.00%
The Money Factory Pty Ltd	Australia	100.00%	100.00%
NBG Holdings Pty Ltd	Australia	100.00%	100.00%
Vow Wealth Management Pty Ltd	Australia	100.00%	100.00%
The Mortgage Architects Pty Ltd	Australia	100.00%	100.00%
The Wealth Architects Pty Ltd	Australia	100.00%	100.00%
Ironbark Mortgage Solutions Pty Ltd	Australia	100.00%	100.00%
NBG Pty Ltd	Australia	100.00%	100.00%
FASA Pty Ltd	Australia	100.00%	100.00%
Australian Property Finance Pty Ltd	Australia	100.00%	100.00%
NBG Leasing Pty Ltd	Australia	100.00%	100.00%
Select Mortgage Finance Pty Ltd	Australia	100.00%	100.00%
Vow Financial Planning Pty Ltd	Australia	100.00%	100.00%
Loan Avenue Holdings Pty Ltd	Australia	100.00%	-
Money Management Pty Ltd	Australia	100.00%	-

Note 34. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Smarter Money Investments Pty Ltd (formerly YBR Funds Management Pty Limited)	Funds management	50.00%	50.00%

Note 34. Interests in joint ventures (continued)

Summarised financial information

	2016 $'000	2015 $'000
Summarised statement of financial position		
Cash and cash equivalents	62	21
Trade and other receivables	247	69
Total assets	309	90
Trade and other payables	156	90
Other liabilities	148	-
Total liabilities	304	90
Net assets	5	-
Summarised statement of profit or loss and other comprehensive income		
Revenue	1,633	822
Expenses	(896)	(382)
Profit before income tax	737	440
Other comprehensive income	-	-
Total comprehensive income	737	440

Note 35. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2016 $'000	Consolidated 2015 $'000
Loss after income tax benefit for the year	(9,528)	(2,554)
Adjustments for:		
Depreciation and amortisation	2,147	1,828
Impairment of goodwill	566	-
Write off of non-current assets	172	-
Share-based payments	605	4,597
Other expenses - non-cash (Prepayment with Nine)	561	2,240
Joint ventures partnership movement	-	5
Net change on the present value of trail commissions	(447)	(2,813)
Interest paid non-cash	242	79
Gain on acquisitions	(883)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(258)	(13,382)
Decrease in prepayments	254	149
Decrease/(increase) in other operating assets	530	(648)
Increase in trade and other payables	5,143	13,244
Decrease in deferred tax liabilities	(3,155)	(6,961)
Increase in employee benefits	609	283
Increase in other operating liabilities	1,054	1,210
Net cash used in operating activities	(2,388)	(2,723)

Note 36. Earnings per share

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Yellow Brick Road Holdings Limited	(9,572)	(3,705)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	278,502,949	264,682,345
Weighted average number of ordinary shares used in calculating diluted earnings per share	278,502,949	264,682,345
	Cents	**Cents**
Basic earnings per share	(3.44)	(1.40)
Diluted earnings per share	(3.44)	(1.40)

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Yellow Brick Road Holdings Limited	44	1,151
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	278,502,949	264,682,345
Weighted average number of ordinary shares used in calculating diluted earnings per share	278,502,949	264,682,345
	Cents	**Cents**
Basic earnings per share	0.02	0.43
Diluted earnings per share	0.02	0.43

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Earnings per share for loss		
Loss after income tax attributable to the owners of Yellow Brick Road Holdings Limited	(9,528)	(2,554)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	278,502,949	264,682,345
Weighted average number of ordinary shares used in calculating diluted earnings per share	278,502,949	264,682,345
	Cents	**Cents**
Basic earnings per share	(3.42)	(0.96)
Diluted earnings per share	(3.42)	(0.96)

Note 36. Earnings per share (continued)

The options granted to Nine, GWH and Resi branches are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2016. These options could potentially dilute basic earnings per share in the future.

Note 37. Share-based payments

8,564,930 options were granted to a subsidiary of the Nine Entertainment Group - Pink Platypus Pty Ltd ('Nine') in 2011. At the reporting date, 3,425,914 options held by Nine had vested and were exercisable.

Set out below are summaries of options granted under the plan:

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
07/09/2011	30/09/2017	$0.00	6,851,944	-	-	(1,712,986)	5,138,958
			6,851,944	-	-	(1,712,986)	5,138,958

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
07/09/2011	30/09/2017	$0.00	8,564,930	-	-	(1,712,986)	6,851,944
			8,564,930	-	-	(1,712,986)	6,851,944

* One fifth of the options may vest each year based on specific brand performance hurdles being achieved. Exercise price is the greater of $0.40 or 75% of the average yearly Volume-Weighted Average Prices ('VWAP') for each year since the year in which the relevant options were issued. There were no options vested and exercised in the year ended 30 June 2016.

The weighted average share price during the financial year was $0.32 (2015: $0.60).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.25 years (2015: 2.25 years).

The amount expensed in the financial year ended 30 June 2016 amounted to $Nil (2015: $Nil).

Note 37. Share-based payments (continued)

Set out below are summaries of performance rights granted on prior year under the plan:

2016

Grant date	Expiry date	Fair value at granted date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/08/2014	31/07/2019	$0.15	2,500,000	-	-	-	2,500,000
29/08/2014	31/07/2019	$0.15	2,500,000	-	-	-	2,500,000
29/08/2014	31/07/2019	$0.15	2,500,000	-	-	-	2,500,000
29/08/2014	31/07/2019	$0.14	2,500,000	-	-	-	2,500,000
29/07/2015	27/09/2017	$0.23	-	168,268	-	-	168,268
29/07/2015	31/10/2017	$0.23	-	144,230	-	-	144,230
29/07/2015	07/02/2018	$0.21	-	38,461	-	-	38,461
29/07/2015	31/03/2018	$0.21	-	38,461	-	-	38,461
29/07/2015	30/11/2019	$0.21	-	92,307	-	-	92,307
20/07/2015	27/09/2020	$0.18	-	168,268	-	-	168,268
20/07/2015	31/10/2020	$0.18	-	144,230	-	-	144,230
20/07/2015	07/02/2021	$0.18	-	38,461	-	-	38,461
20/07/2015	31/03/2021	$0.18	-	38,461	-	-	38,461
20/07/2015	30/11/2022	$0.18	-	92,307	-	-	92,307
			10,000,000	963,454	-	-	10,963,454

On 29 August 2014 the consolidated entity issued GWH, a company controlled by Mark Bouris, 10,000,000 performance rights, at a fair value of $1,475,000 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 five years. The amount expensed in the financial year ended 30 June 2016 amounted to $476,000 (2015: $397,000).

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was three years.

On 29 July 2015 the consolidated entity issued to the former RESI branch owners with 963,454 performance rights at an issue price of $0.70 cents for a total consideration of $674,000. The fair value of the performance rights will be recognised as an expense over six years. The amount expensed in the financial year ended 30 June 2016 amounted to $56,000.

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was five years.

For the performance rights granted during the financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
29/07/2015	27/09/2017	$0.48	$0.00	2.81%	-	2.20%	$0.230
29/07/2015	31/10/2017	$0.48	$0.00	2.81%	-	2.20%	$0.230
29/07/2015	07/02/2018	$0.48	$0.00	2.81%	-	2.20%	$0.210
29/07/2015	31/03/2018	$0.48	$0.00	2.81%	-	2.20%	$0.210
29/07/2015	30/11/2019	$0.48	$0.00	2.81%	-	2.20%	$0.210
29/07/2015	27/09/2020	$0.48	$0.00	2.81%	-	2.20%	$0.180
29/07/2015	31/10/2020	$0.48	$0.00	2.81%	-	2.20%	$0.180
29/07/2015	07/02/2021	$0.48	$0.00	2.81%	-	2.20%	$0.180
29/07/2015	31/03/2021	$0.48	$0.00	2.81%	-	2.20%	$0.180
29/07/2015	30/11/2022	$0.48	$0.00	2.81%	-	2.20%	$0.180

Note 38. Events after the reporting period

On 25 August 2016, the company executed an Amendment and Restatement Deed with the Commonwealth Bank of Australia ('CBA') whereby:

- the maturity date of the consolidated entity's bank loan facilities with the CBA has been extended by one year to 31 July 2018; and
- certain financial covenants have been amended to more appropriately relate to the consolidated entity's business model and underlying assets.

All other material terms remain unchanged.

No other matter or circumstance has arisen since 30 June 2016 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
30 June 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mark Bouris
Executive Chairman

26 August 2016
Sydney

Grant Thornton

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

Report on the financial report

We have audited the accompanying financial report of Yellow Brick Road Holdings Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Yellow Brick Road Holdings Limited is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 6 to 11 of the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Yellow Brick Road Holdings Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Madeleine Mattera

Madeleine Mattera
Partner - Audit & Assurance

Sydney, 26 August 2016

Yellow Brick Road Holdings Limited
Shareholder information
30 June 2016

The shareholder information set out below was applicable as at 16 August 2016.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	328
1,001 to 5,000	977
5,001 to 10,000	595
10,001 to 100,000	985
100,001 and over	131
	3,016
Holding less than a marketable parcel	773

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MACQUARIE BANK LIMITED	51,020,919	18.16
PINK PLATYPUS PTY LIMITED	49,592,858	17.65
GOLDEN WEALTH HOLDINGS PTY LTD	49,453,865	17.60
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,176,219	2.20
SANDINI PTY LTD	5,663,000	2.02
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,609,214	2.00
CITICORP NOMINEES PTY LIMITED	4,410,154	1.57
ELLISON (WA) PTY LIMITED	4,285,715	1.53
NATIONAL NOMINEES LIMITED	3,651,597	1.30
PROZMART PTY LTD	3,517,858	1.25
MR ADRIAN JOHN BOURIS	3,130,400	1.11
MRS LINDA SALA TENNA	2,975,000	1.06
V WASP PTY LIMITED	2,946,429	1.05
MR STEPHEN JAMES LAMBERT + MRS RUTH LYNETTE LAMBERT + MR SIMON LEE LAMBERT	2,890,625	1.03
COLLO FAMILY HOLDINGS PTY LTD	2,531,249	0.90
BLUE ONION CAPITAL PTY LTD	1,885,958	0.67
YBR NOMINEES PTY LTD	1,757,397	0.63
BNP PARIBAS NOMS PTY LTD	1,746,393	0.62
COOLAH HOLDINGS PTY LTD	1,300,000	0.46
MURREN NOMINEES PTY LTD	1,283,898	0.46
	205,828,748	73.27

Unquoted equity securities
The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
NINE ENTERTAINMENT GROUP	Unlisted options	5,138,958
GOLDEN WEALTH HOLDINGS PTY LIMITED	Performance rights	10,000,000
Former RESI branch owners	Performance rights	963,454

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
GOLDEN WEALTH HOLDINGS PTY LTD	51,211,262	18.23
MACQUARIE BANK LIMITED (STRATEGIC INVESTMENTS A/C)	51,020,919	18.16
NINE ENTERTAINMENT GROUP	49,592,858	17.65
ACORN CAPITAL LIMITED	16,685,182	5.94

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options and performance rights
No voting rights

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Ordinary shares	The escrow deed prevents Golden Wealth Holdings Pty Limited from disposing of shares within the defined escrow period, ending on 29 August 2016	1,500,000
Ordinary shares	The escrow deed prevents Golden Wealth Holdings Pty Limited from disposing of shares within the defined escrow period, ending on 29 August 2017	1,500,000
Ordinary shares	The escrow deed prevents Golden Wealth Holdings Pty Limited from disposing of shares within the defined escrow period, ending on 29 August 2018	1,500,000
		4,500,000

YellowBrickRoad
Wealth Management