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28 July 2016

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

Dear Sir/Madam

APPENDIX 4C: QUARTERLY COMMITMENTS REPORT

We attach the Company's Appendix 4C report for the three months ended 30 June 2016.

EXECUTIVE SUMMARY

Throughout FY2016, Yellow Brick Road Holdings Ltd ('the Company' or 'YBR') has invested in a substantial marketing campaign to generate leads and grow the Yellow Brick Road branded business.

The YBR branded business has responded well, growing settlements strongly throughout the year and again in Q4, up 24% vs prior comparable period (PCP).

Concurrently, during H2, lending market conditions deteriorated as government policy reduced foreign borrowings and historically low rates increased refinance activity. Investment lending policies remained tight. This impacted the Vow Financial ('Vow') business, flattening settlement growth this quarter vs PCP.

From a cash perspective, in the June quarter the Company achieved an operating surplus of $0.75m (or $0.55m if insurance underwriter payments are excluded) which compares favourably to the prior quarter (Q3 FY2016) surplus of $0.12m ($0.37m excluding net underwriter payments).

Consistent with the Company's strategy, the operating surplus is largely attributable to an improved mix of receipts from higher margin revenue streams including:

- increased settlement volumes in higher margin lending channels;
- increased profit distribution from the Company's Smarter Money Investments joint venture;
- 1st month's trading of Loan Avenue, acquired at the end of May 2016; and
- sponsorship and volume bonus revenue: $1.6m was received, $0.8m of this related to the current quarter.

YBR payment terms with media providers mean that $3m in media spend from FY2016 will be paid in 2017.

During the quarter the Company acquired the assets of the South Australian mortgage manager, Loan Avenue Holdings Pty Ltd ('Loan Avenue'). The Q4 FY2016 results include one month of Loan Avenue trading of $0.07m. The upfront cash consideration for the acquisition, $2.6m, was funded from the Company's existing CBA facilities.

As at 30 June 2016 the Company has $6.8m in cash and cash investments, and $3.7m in undrawn finance facilities.

For details please see the attached Financial and Operating commentaries and Appendix 4C.

Kind regards

Richard Shaw
Chief Financial Officer
Yellow Brick Road Holdings Ltd.

Yellow Brick Road Group

FINANCIAL COMMENTARY

Summary

The reported net operating cash surplus for Q4 2016 (including acquisition and integration outflows and net underwriter payments) improved by $0.63m to a surplus of $0.75m (Q3 FY2016: surplus of $0.12m). Excluding net underwriter payments, the surplus was $0.55m.

On a normalised basis* the operating cash result improved by $0.91m to $1.38m. (Q3 FY2016 surplus of $0.47m)

As at 30 June 2016 the Company has $6.8m in cash and $11.3m in available borrowing facilities ($7.6m drawn and $3.7m undrawn).

Key Cash Outcomes	**Q3 FY2016**	***Chg. Vs Q2 FY2016***
Gross Receipts	**$47.8m**	**0%**
Net Receipts	**$9.7m**	***+27%***
Normalised* Other Op. O'flows	**$6.5m**	**+0%**
Normalised* Operating Surplus	**$1.4m**	**+197%**
Operating Surplus (excluding underwriters)	**$0.6m**	**+49%**
Cash and investments at call	**$6.8m**	**-4%**

Operating Cash Receipts

Receipts from customers increased 0.4% to $47.82m (Q3 FY2016 $47.62m).

The surplus in receipts from customers, over branch pay away, increased by $2.10m to $9.71m (Q3 FY2016 $7.6m). This improvement reflects the fact that a larger proportion of receipts in the quarter came from high margin revenue streams, including:

- increased settlement volumes in high margin distribution channels;
- increased profitability of the Company's Smarter Money JV;
- 1st months trading of the Loan Avenue, acquired at the end of May 2016; and
- sponsorship and volume bonus revenue. $1.6m was received in the current quarter (Q3 FY2016 $1.2m). The majority of annual sponsorship and bonus income is received in the 2nd half of each financial year.

Operating Cash Outflows

Operating cash outflows, excluding the branch and broker share of revenue and net underwriter payments, increased by 26% to $9.16m (Q3 FY2016 $7.25m). This $1.91m increase includes a $1.20m increase in advertising and marketing and a $0.73m increase in acquisition and integration costs. The later increase coincides with the acquisition of brightday and Loan Avenue in Q4 FY2016.

Advertising and marketing outflows increased by 180% to $1.87m (Q3 FY2016 $0.67m). Acquisition and integration outflows increased by 790% to $0.82m.

YBR payment terms with media providers mean that $3m in media spend from FY2016 will be paid in 2017.

Other operating outflows (excluding advertising and marketing and net underwriter payments) are unchanged at $6.47m (Q3 FY2016: $6.49m).

Investing Cash Flows

During the quarter the Company acquired the business and assets of a privately-owned non-bank lender Loan Avenue (upfront cash consideration $2.6m) and the digital platform brightday (cash consideration $0.2m). The Loan Avenue cash consideration was funded from the Company's existing CBA facilities.

*Normalised results exclude acquisition and integration outflows and net underwriter payments.

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YellowBrickRoad Wealth Management

OPERATING COMMENTARY

Overall settlements came in at $3.5b (+5% vs PCP) and the overall loan book grew 23% vs PCP to $37.8b.

Market conditions were tough during the quarter with a slowdown in offshore borrowing and investment lending continuing to be tight. These both impacted Vow, holding settlements flat vs PCP.

In contrast the higher margin YBR lending business continued to perform well, with settlements up 24% vs PCP, the result of sustained marketing spending.

Key Operating Outcomes	Q4 FY2016	*Chg. Vs Q4 FY2015*
Settlements	$3.5b	*+ 5%*
Mortgage Book	$37.8b	*+ 23%*
FUM	$703m	*+ 5%*
Representatives	1500	*+6%*
Leads (YBR)	-	*+ 55%*
Loan Pipeline (YBR)	-	*+ 33%*

Volume

- Settlement Growth – overall settlements were up by 5% vs PCP, with Vow flat due to the departure of offshore borrowers and a soft investment lending market. YBR settlements continued to grow strongly at +24% vs. PCP behind sustained marketing investment and increased lead flow.
- Growth in Underlying Book – the group underlying loan book grew 23% vs PCP ending the quarter at $37.8b.
- FUM Growth – overall FUM was up 5% vs PCP to $703m, flat vs. Q3 FY2016. The organisational restructure announced in Q4 FY2016 increases focus on wealth to ensure growth is reignited.

YBR Marketing

- YBR 3.82% offer – is generating a strong 55% increase in leads vs PCP and substantial increase in branch walk-ins.
- Pipeline – the leads are flowing into applications. YBR's pipeline of applications in train is up 33% vs PCP.
- Store Refresh – rollout of new store design continues with 62 branches now rebranding.

Product Innovation

- Small Business Lending – a new partnering agreement gives all group brokers exclusive access to Valiant small business aggregation platform that generates loan proposals and submissions to over 30 SME lending partners.
- Agility Range – this new range of loans was launched in April. Agility targets a gap in the market – overcoming rigid practices that prevent mainstream lenders from addressing many quality lending opportunities.

Acquisition

- Digital platform – YBR took control of recently acquired brightday online investment business from News Ltd. This provides a platform for YBR's new direct investment business planned for FY17.
- Loan Avenue – in May 2016, YBR acquired a South Australian mortgage manager, Loan Avenue Holdings Pty Ltd. This boosted our distribution coverage in South Australia, added scale with key lenders, brought a new lender to the VOW panel and added product sales resources.

Distribution

- Individual representatives – recruitment continues to be strong with representative count up by +31% vs PCP to 1500.
- Distribution Agreements – active distribution agreements grew to 740 in the quarter (+8% vs Q3).

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Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Yellow Brick Road Holdings Limited

ABN	Quarter ended ("current quarter")
44 119 436 083	30 June 2016

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from customers	47,818	190,733
1.2	Payments for		
	(a) staff costs	(3,477)	(13,690)
	(b) advertising and marketing	(1,866)	(5,361)
	(c) Transfer of business	-	-
	(d) leased assets	-	-
	(e) other working capital [(1)]	(40,902)	(171,366)
	(f) Net payment to insurance underwriters on behalf of clients [(2)]	192	(423)
	(g) Acquisition and integration costs	(824)	(1,781)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	35	159
1.5	Interest and other costs of finance paid	(231)	(659)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	**745**	**(2,388)**

(1) Includes branch and broker share of revenue, current quarter ($38.1m), year to date ($158.9m).

(2) The Company receives general insurance premiums from clients and remits these to underwriters between 60 and 90 days after receipt. The difference between premiums received and paid is recorded as an underwriter deficit or surplus. As a consequence of these timing differences, payment to underwriters in the period was less than receipts from clients by $192,000.

		Current quarter $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	**745**	**(2,388)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses assets	(2,800)	(2,800)
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) Current assets	-	-
	(e) other non-current assets	(881)	(2,540)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property		
	(d) physical non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	19	686
1.13	Sale of available for sale investments:(redemption of Working capital held in YBR Smarter Money Higher Income Fund, available at 3 days notice)	511	511
	Net investing cash flows	**(3,151)**	**(4,143)**
1.14	**Total operating and investing cash flows**	**(2,406)**	**(6,531)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
	Cost of capital raising and debt arrangements.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	2,600	2,600
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	**2,600**	**2,600**
	Net increase (decrease) in cash held	**194**	**(3,931)**
1.21	Cash at beginning of quarter/year to date	6,659	10,784
1.22	Exchange rate adjustments to item 1.20	-	-

1.23	**Cash at end of quarter**	**6,853**	**6,853**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	446
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Payments to related parties in 1.24 above include:

- Directors' fees $37,500
- BBB Capital (BBB) a director related entity of Adrian Bouris received $99,000 (Inc. GST) in fees for corporate advisory matters.
- Golden Wealth Holdings Pty Ltd (GWH), a director related entity of Mark Bouris received contracted payments of $309,375 (Inc. GST) covering consultancy fees during the period.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available
Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	11,300	7,600
3.2	Credit standby arrangements		

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	6,853	5,743
4.2	Deposits at call	-	916
4.3	Bank overdraft		
4.4	Other (provide details)		
	Total: cash at end of quarter (item 1.23)	**6,853**	**6,659**

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ....