

Lodged by ASX Online

31 January 2011

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 3 months ended 31 December 2011.

Cash balance as at 31 December 2011 is \$10.3m.

- The cash outflows for the quarter included a “one-off” prepayment of \$2.9m (including \$0.3m in refundable GST) to Nine Entertainment Group for a 3 year sponsorship of the Celebrity Apprentice television series. This cost will be amortised over three financial years as the sponsorship benefits materialise.

Excluding the “one-off” prepayment mentioned above, cash movements for the quarter can be summarised as follows:

- Receipts from customers increased by 20% to \$3.4m (Q1 2011 \$2.8m).
- Net operating outflows for the quarter reduced by 15% to \$1.6m (Q1 2011 \$1.9m) excluding the Apprentice sponsorship.
- Other working capital outflows (comprising payment to branches and general & administration) decreased by 6% to 2.60m (Q1 2011 \$2.75m) i.e.
- Staff related cash outflows increased by 8% to \$1.87m (Q1 2011 \$1.73m)
- Marketing cash outflows for the quarter increased to \$0.49m, (Q1 2011 \$0.14m) excluding the Apprentice payment.

The Company's CEO Mr Matt Lawler commented:

In the quarter ended December 2011 the company stepped up the rate of investment to implement our stated core strategy. A number of the key elements were executed in the quarter with highlights as follows:

1. **Building the Brand**

- Focus and investment in the brand accelerated during the period with the Yellow Brick Road partnership with Nine Entertainment Group creating the launch of the brand nationally via television reality series The Celebrity Apprentice;

- The Celebrity Apprentice aired late October and throughout most of November 2011 with the show itself achieving top ratings nationally. The show debuted to an audience of 1.35 million with a peak audience of 1.6 million viewers during the Yellow Brick Road challenge finale;

- The Yellow Brick Road brand was featured via "in show" recognition, television commercials and a branded challenge where contestants worked to produce a Yellow Brick Road campaign. The branded challenge received the highest viewing audience, estimated at 1.6 million viewers, providing Yellow Brick Road with significant exposure;

- Yellow Brick Road website visits and customer lead requests were also tracked and "spiked" during the series, with 3,833 leads generated during the campaign period. Strong lead volumes provided established Branches with "unprecedented" customer activity during November and December 2011. 103 branch recruitment leads were also generated during the same time frame;

- Brand awareness conducted in December showed a significant increase in the awareness of Yellow Brick Road providing a platform to build a genuine alternative brand in Financial Services. Brand awareness increased from 8 per cent to 27 percent, a 19 percent increase from June – December 2011. Yellow Brick Road was also the only brand surveyed to see an awareness increase during the same time frame.

2. **Delivery of advice through a local Branch network supported by a team of specialists**

- Branch growth continued with the 100th signed licence issued in January 2012. We have reaffirmed our target of 125 signed licenses by 30 June 2012;

- 4 new Branches were opened to the public during the quarter;

- Productivity of opened Branches was the critical focus area for the business and will continue to be a key area of focus with a number of specialist resources appointed to drive this aggressively for the business;

- Existing Branches continued their push to deliver broad-based financial solutions with 6 additional Wealth Managers attaining personal advice qualifications and 5 Wealth Managers providing advice around insurances or referring to Financial Planners for the first time;

- Branches quickly adopted new product offerings with 37 branches writing general insurance policies through Allianz and 14 branches writing life insurance policies through ALI- Strong growth was experienced across Wealth Management whilst General Insurance increased moderately. Importantly growth from these businesses via Branch referrals were significant; Funds on platform increased by 14% to \$133m (Q1 2011 \$117m)

- Revenue for the Accounting business was subdued however improving productivity has led to a stronger bottom line.

3. Assembling a streamlined range of products and services that can support the implementation of advice

- The product strategy was further strengthened by the launch of products in Insurance and simple Investment Products. Yellow Brick Road now has a solid product suite across Mortgages (Gateway Credit Union agreement renewed), Life Insurance (whitelabel product with ALI/Metlife), General Insurance (partnership with Allianz) Investment Platforms (partnership with OneVue) and Managed Funds (manufactured by YBR Funds Management);

- The Yellow Brick Road “Mortgage Protection Product” which is a whitelabel arrangement with distribution specialists ALI and insurer Metlife. This provides all Branches with the capability to provide General/Limited Advice on insurance connected with Mortgages;

- YBR Smarter Money is a simple investment and savings managed fund, the first manufactured by our newly established YBR Funds Management. The product has been established via seed funding and will be promoted via the Branch network, online and through Financial Planners.

4. Establishing Yellow Brick Road as a key provider of advice to the small business segment of Australia.

- Initial planning is currently underway with a small business arm of the business to launch in the 4th quarter of the 2012 financial year.

5. A great environment for our people

- A new intranet was established as a central source of information and compliance for our people. The platform will also be used for the business to manage its Risk and Compliance model;

- A new incentive program was established for employees based on individual targets for financial performance at and beyond our “Plan” expectations. Incentives will have a “vesting” mechanism for retention purposes and will be paid in a combination of cash and YBR shares.

Investor Roadshow

Following the release of the audited Half Yearly accounts at the end of February 2012, an Investor Roadshow with Executive Chairman, Mark Bouris, CEO, Matt Lawler and other key executives is planned for the first week of March 2012 (dates to be confirmed). Current and prospective shareholders are welcome to attend to discuss the results and future plans for the business in more detail.



Richard Shaw
Company Secretary
Yellow Brick Road Holdings Limited
(02) 8226 8200

Appendix 4C

**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 Pty Limited

ABN

44 119 436 083

Quarter ended ("current quarter")

December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	3,393	6,242
1.2 Payments for (a) staff costs		
(a) staff costs	(1,868)	(3,599)
(b) advertising and marketing	(3,404)	(3,548)
(c) Transfer of business		
(d) leased assets		
(e) other working capital	(2,597)	(5,353)
(f) Net payment to insurance underwriters on behalf of clients (1)	(170)	(221)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	245	348
1.5 Interest and other costs of finance paid	(145)	(327)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows (1)	(4,546)	(6,458)

(1) The company receives general insurance premiums from clients and remits these to underwriters between 60 and 90 days after receipt. The difference between premiums received and paid is recorded as an underwriter deficit or surplus. As a consequence of these timing difference payments to underwriters in the period exceeded receipts by \$170,000.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(4,546)	(6,458)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments	(26)	(26)
(c) intellectual property		
(d) physical non-current assets	(43)	(77)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) Intangible assets (2)	110	384
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Net investing cash flows	41	281
1.14 Total operating and investing cash flows	(4,505)	(6,177)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.		6,490
Cost of capital raising	(163)	(501)
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	(556)	(3,149)
1.19 Dividends paid		
1.20 Other (provide details if material)		
Net financing cash flows	(719)	2,840
Net increase (decrease) in cash held	(5,224)	(3,337)
1.21 Cash at beginning of quarter/year to date	15,558	13,671
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	10,334	10,334

(2) Receipt from an employee, on resignation for release from restraints and other obligations under their employment contract. No value was previously ascribed to these assets in the Company's balance sheet.

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	318
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 include:

- Directors' fees \$21,000
- Golden Wealth Holdings Pty Ltd (GWH), a director related entity of Mark Bouris, receives annual consultancy fees of \$750,000 (\$187,500 per quarter)
- BBB Capital, a director related party of Adrian Bouris, earned a success fee of \$240,000 (excluding GST) on completion of the Nine Groups acquisition of 32,450,000 Yellow Brick Road Holdings Limited shares for consideration of \$13m. \$110,000 (including GST) was paid in the December quarter the balance will be paid in the second half of the 2012 financial year.

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

The Nine Entertainment Group acquired a 19.99% shareholding in the company of which 50% is settled through the provision of advertising over a five year period to the value of \$6,490,000.

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	5,799	5,799
3.2	Credit standby arrangements		

+ See chapter 19 for defined terms.

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	1,926	2,098
4.2 Deposits at call	8,408	13,460
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	10,334	15,558

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

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 ~~not~~* *(delete one)* give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Richard Shaw

Date: 31 January 2012

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.