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30 April 2014

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 31 March 2014.

EXECUTIVE SUMMARY

The third quarter of the financial year is seasonally a slower quarter for the company given the holiday breaks in January and shorter month in February. Despite this the company improved the net operating deficit on Q2 FY2014 by 17%, a good result when considering mortgage settlements in the December quarter were at their highest level in the company's history.

The main focus of the quarter for the company was building branch and client activity to deliver a strong Q4 FY2014 and progressing the recently announced acquisition opportunities. The fourth quarter is traditionally the most productive quarter for all divisions and is therefore anticipated to significantly improve the quarterly cash flow position. This is supported by lead activity indicators in all divisions including Accounting, Wealth Management and Mortgages.

FINANCIAL SUMMARY

The company's net operating deficit (excluding net insurance underwriter payments) improved by 17% to \$1.11m. (Q2 FY 2014: \$1.33m)

Receipts from branch customers increased on last quarter by \$0.10m (2%) to \$5.04m (Q2 FY2014: \$4.94m). This represents a \$1.53m (44%) increase on the same quarter last year (Q3 FY2013: \$3.51m).

Total cash outflows, which also include payments to branches, were reduced by \$0.95m (12%) to \$7.17m (Q2 FY2014: \$8.12m).

The reported net operating deficit of \$1.47m includes net underwriter outflows of \$0.36m. Net underwriter inflows/outflows arise as a consequence of our general insurance business and reflect a pass through of insurance premiums from clients to their respective underwriters. These have a zero impact on profit.

QUARTERLY CASH FLOW RESULTS

The cash balance as at 31 March 2014 is \$13.04m, a net decrease of \$1.52m since 31 December 2013.

Operating Cash Inflows

- Receipts from customers decreased in Q3 FY2014 by 11% to \$6.06m (Q1 FY2014 \$6.79m). Customer receipts include:
 - Receipts from branch customers which increased in Q2 FY2014 by 2% to \$5.04m (Q2 FY2014 \$4.94m).
- With effect from 1st January 2014 the company disposed of a group of underperforming accounting clients for \$0.45m. In Q2 FY2014 these clients generated \$0.40m in receipts but only contributed \$0.04m to profit.

On a normalised basis (eliminating the receipts from disposed clients in Q2 FY2014), professional services receipts for last quarter (Q2 FY2014) were \$1.44m. Receipts from professional services this quarter totalled \$1.02m. This reflects a seasonal decline of \$0.43m (30%). This is \$0.07m (8%) higher than the same quarter last year.

Operating Cash Outflows

- Other operating cash outflows, excluding net underwriter payments and branch payments were \$3.55m, \$0.68m (16%) less than last quarter (Q2 FY2014 \$4.23m). On a normalised basis, excluding cash outflows associated with the disposed accounting clients, these outflows were 9% less than last quarter (normalised Q2 FY2014 : \$3.90m).
- Net outflows to insurance underwriters in Q3 FY2014 were \$0.36m (Q2 FY2014 net inflow of \$0.39m). 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. Net premiums received on behalf of underwriters are passed through to underwriters and have zero impact on profit. However the timing of underwriter receipts and payments causes fluctuations in the underwriter deficit or surplus from period to period.

QUARTERLY COMMENTARY

Brand

- The company executed its first major digital campaign in the quarter, which focused on busting 30 mortgage myths to help people make more informed financial decisions. Elements of the campaign included digital display advertising through the Mi9 network (the digital arm of Nine Entertainment Company), as well as supporting display, search, affiliate, electronic direct mail, public relations and social media campaigns. The campaign began on 10th February and resulted in record lead flows for the months of February and March.
- In March, the company submitted its five point plan to the Financial System Inquiry, which called for reform in order to support the two Australian dreams of owning a home and retiring comfortably. Prior to submission, the company opened up its five point plan to the public, giving consumers a two month period to make contributions via the Yellow Brick Road website.

- During the quarter the company also announced the launch of its first “Ask My Advice” Day, a community initiative that encourages local residents to visit a Yellow Brick Road branch to ask their mortgage, superannuation, insurance, retirement and savings questions. Yellow Brick Road’s “Ask My Advice” Day will take place nationwide in over 50 branches on Saturday 3rd May 2014.

Distribution Footprint

- The company continues to grow its distribution footprint, with 197 branch agreements signed at the end of the quarter, up from 184 at the end of the previous quarter. This includes an additional three replacement branches.
- National footprint has been further expanded with first agreements signed for Northern Territory, along with a marquee retail shopfront in Melbourne CBD.
- Growth in accreditations also continues, with the following statuses now in place:
 - 70 authorities for credit and personal advice
 - 37 authorities for credit and general advice (simple life insurance and savings)
 - 40 authorities for credit advice only
 - 30 authorities for personal advice only

Product

Home Loans

- The Rate Smasher home loan was the focus of the digital campaign which was executed in the quarter. The advertised offer included the ability to win one of 10 \$5,000 prizes as well as a cash back offer for any new Rate Smasher or Empower home loan customer.
- A new pricing tier was introduced at the sub 70% LVR band, passing on funding savings to clients with larger deposits and higher levels of equity. These savings also been passed through to Rate Smasher, bringing that rate down 4.69% p.a., which is one of the top five lowest rates available in market according to comparison site finder.com.au.
- The loan book reached \$2.44b at the end of the quarter, up from \$2.22b at the end of the third quarter.

Wealth Management

- Revenue from Wealth Management continues to represent a third of all branch revenue. A series of Wealth Workshops have been held with all branches to continue this momentum.
- RetireRight continued to grow over the quarter, reaching \$36m in FUM and has now established superannuation accounts for around 1,000 clients.
- Life insurance in-force premiums increased to \$4.5m up from \$4.01m in the previous quarter. This represents a 143% increase on the previous corresponding period.

Smarter Money

- Smarter Money continued to grow over the quarter, reaching \$143m in FUM.
- Over the 12 months to 31 March, the fund delivered a total return of 4.0% p.a. after fund fees.

Smarter Income Securities

- A new Separately Managed Account (SMA) was launched in March, targeting higher yields through investment in ASX-listed bonds and hybrid securities.
- This SMA fund is available for the clients of financial advisers and provides a separate model portfolio of securities for each investor.

In closing, the company continues to make significant progress on a number of fronts and is readying for the highly productive June quarter which is traditionally the strongest quarter of the year for revenue. We look forward to providing further updates as they arise.

Kind Regards



Matt Lawler
Chief Executive Officer



Richard Shaw
Chief Financial Officer

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 Limited

ABN

44 119 436 083

Quarter ended ("current quarter")

March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	6,056	18,797
1.2 Payments for		
(a) staff costs	(1,762)	(5,566)
(b) advertising and marketing	(289)	(1,372)
(c) Transfer of business		
(d) leased assets		
(e) other working capital	(5,152)	(16,088)
(f) Net payment to insurance underwriters on behalf of clients (1)	(355)	(184)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	111	385
1.5 Interest and other costs of finance paid	(78)	(237)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net operating cash flows	(1,469)	(4,265)

- (1) The Company receives general insurance premiums from clients and remits these to underwriters between 60 and 90 days after receipt. The difference between premiums received and paid is recorded as an underwriter deficit or surplus. As a consequence of these timing differences, payments from clients in the period exceeded receipts from underwriters by \$355,000.

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

		Current quarter \$A'000	Year to date (9 months) \$A'000
1.8	Net operating cash flows (carried forward)	(1,469)	(4,265)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) other non-current assets	(216)	(443)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)		
	(b) equity investments		
	(c) intellectual property		
	(d) physical non-current assets		
	(e) Intangibles: Under performing Accounting clients	450	450
1.11	Loans to other entities	(4)	(107)
1.12	Loans repaid by other entities		
1.13	Purchase of available for sale investments: Working capital held in YBR Smarter money investment fund (at 3 days notice)	(250)	(250)
	Net investing cash flows	(20)	(350)
1.14	Total operating and investing cash flows	(1,489)	(4,675)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.		
	Cost of capital raising	-	(130)
1.16	Proceeds from sale of forfeited shares		
1.17	Proceeds from borrowings		
1.18	Repayment of borrowings	(29)	(480)
1.19	Dividends paid		
1.20	Other (provide details if material)		
	Net financing cash flows	(29)	(610)
	Net increase (decrease) in cash held	(1,518)	(5,225)
1.21	Cash at beginning of quarter/year to date	14,553	18,260
1.22	Exchange rate adjustments to item 1.20		
1.23	Cash at end of quarter	13,035	13,035

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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	234
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 \$37,500
- Golden Wealth Holdings Pty Ltd (GWH), a director related entity of Mark Bouris received contracted payments of \$196,500 covering consultancy fees and recovery of rental costs for offices occupied by the Company 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

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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

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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	4,979	4,979
3.2	Credit standby arrangements		

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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	1,669	2,934
4.2 Deposits at call	11,366	11,619
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	13,035	14,553

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

- 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.
- This statement does ~~/does not*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here: Date: 30 April 2014
 (Company Secretary)
 Richard Shaw

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

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.