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28 February 2012

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

**SHAREHOLDER UPDATE – YELLOW BRICK ROAD**

Yellow Brick Road Holdings Limited ("**Yellow Brick Road**") (ASX:YBR) has announced the company's results for the half year to 31 December 2011, its first following a successful ASX listing in June 2011.

As at 31 December 2011, the cash balance for Yellow Brick Road is \$10.33m. In addition to funding the monthly operations, cash was invested during the half year to "lock-in" a prepayment for a three year sponsorship of the Celebrity Apprentice Series (\$2.6m), to underpin a key element of the company's strategy of building the brand. A significant portion of that prepayment value is still available for future years.

The company announced an operating loss of \$3.411m for the half reflecting an aggressive period of investment which has laid the foundation for strong future growth.

Total revenue was \$6.708m in 1HFY12, a 30.9% increase on 1HFY11:

- Mortgages and finance revenue was up 86%, reflecting a growing number of Yellow Brick Road branches and increased productivity from established branches;
- Wealth management revenue was up 30%, predominantly reflecting the growth in insurance, investment and advice fees via the branches;
- Accounting revenue has been maintained at 1HFY11 levels;
- General insurance was down 54%, reflecting lower renewals of clients associated with a change in direction which resulted in some personnel changes.

Total expense was \$10.139m in 1HFY12 up from \$5.672m in 1HFY11, reflecting the investment in growing the business:

- Commission and consultancy costs, predominantly reflecting commissions paid to the branch network were \$2.512m in 1HFY12 up from \$1.367m in 1HFY11;
- Employee benefits expense of \$4.188m in 1HFY12 up from \$2.705m reflecting an increase in resources in head office to support a growing ASX listed company and increases in resources to support the company's growing branch network;

- Operating expenses of \$2.550m in 1HFY11 up from \$0.850m predominantly reflecting increases in marketing spend, costs of operating as a listed entity and consultancy costs;
- Remaining expenses including depreciation and amortisation (\$0.157m), occupancy expense (\$0.282m) and finance costs (\$0.450m) were consistent with 1HFY11.

In the six months to 31 December 2011 the company focussed on investing in the key elements of the strategy. We are a growing business, building momentum and off-balance sheet assets to deliver annuity-type revenues into the future and so we have been actively investing in the key elements of our stated strategy to create the solid foundations required for our planned growth.

Reinforcing this were the following highlights for the six months to 31 December 2011:

#### **1. Building the brand**

- A strategic partnership with Nine Entertainment was finalised, establishing a strong platform to build the brand over several years.

An example of the strength of this partnership was the work done on The Celebrity Apprentice. The series aired in October and November 2011 and was a television success, recording strong viewing audiences and winning competitive time slots. Activities relating to the partnership with Nine Entertainment are relevant to the Yellow Brick Road business because:

- It created the platform to launch the Yellow Brick Road brand nationally with television viewing audiences of over one million on average per episode. Market research conducted in December 2011 indicates that in a short period of time (less than six months) Yellow Brick Road has increased consumer “prompted awareness” from 7.7% to 27%. In the area of “brand consideration” Yellow Brick Road was the only financial services firm in the research study to gain positive movement;
- Customer leads and enquiries were generated for our branches totalling in excess of 4,500 during a two month period. This has increased the productivity of our branches in the latter months of the first half of FY2012 and the resulting revenue benefits of these customer leads and enquiries will flow into the second half of FY2012;
- The launch of our first above-the-line campaign “The Road to Your Better Future” was a strategic program that worked to create linked brand awareness and drove consumer response through both the Celebrity Apprentice and Yellow Brick Road platforms;
- In the nine months leading up to the launch of the campaign, the Yellow Brick Road website had received 85,000 site visitors. In the October/November period during the campaign and show airing, the Yellow Brick Road website received 87,000 site visitors, setting a new benchmark for site traffic. In December, site traffic was approximately double the level prior to the commencement of the show.

## 2. Growing the branch network and delivering advice

- A milestone of 100 signed branch licensees was achieved in January 2012, and the establishment of the first Yellow Brick Road branches in Western Australia was achieved in the half year;
- Productivity of branches is improving as they mature;
  - Branches with 18 months or more tenure are on average meeting productivity expectations with room for further improvements;
  - The number of revenue producing branches doubled that of the previous corresponding period. Moving branches from a signed licence agreement to “revenue producing” is a key area of focus for the business.
- The number of branches moving into wealth management is also increasing with all wealth managers now qualified to give advice beyond mortgages and into insurances, either under a general advice authority or a personal advice authority as prescribed under licensing requirements.
- The branches continue to utilise our “specialist” advice services for financial planning, general insurance and tax via referrals. Advice is being delivered by our specialists, face to face in the branch or over the telephone. To support our goal to ensure financial advice is both affordable and accessible, the company is also delivering advice via Skype.

## 3. Product strategy

- A significant amount of progress was made in the half-year to establish the core “branded” product suite for Yellow Brick Road and its branches:
  - The Yellow Brick Road mortgage, which is a “whitelabel” arrangement with Gateway Credit Union, continues to be a competitive offer. The contract with Gateway Credit Union has been extended with an “open-ended” expiration date. The mortgage book across all lenders has grown to \$591m, a 140% increase on 1HFY11 and a 44% increase on 2HFY11;
  - Simple home & contents/motor vehicle insurance, in partnership with insurer Allianz, commenced in September 2011 and has received strong support with two thirds of branches using it for the first time in the short time it has been available;
  - A “whitelabel” life insurance product providing clients with life insurance cover on their mortgage was launched in November 2011 as part of a strategic partnership with insurance provider ALI/Metlife. Fifty wealth managers have been accredited with general advice capabilities to offer the product to their clients and in just over one month, half the branch network has written their first policy. This is an important step for our broader advice model.

- Yellow Brick Road established YBR Funds Management, of which Yellow Brick Road is a 50% stakeholder, during the half year through a joint venture with Coolabah Capital, which is to provide the underlying investment management services. This capability will underpin the company's objective to provide branches and their clients access to managed funds specifically designed to meet their needs and to fill, what we believe, are gaps in the market:
  - YBR Smarter Money Fund is the first Yellow Brick Road Managed Fund to be launched in this space, which will provide a safe fixed-income type product for retail and wholesale investors offering "institutional returns" to compete with bank retail savings accounts and term deposits;
  - Whilst YBR Smarter Money will be the focus of the business in the shorter term, the infrastructure and capability now in place provides the platform for the business to develop more offers in the future.

#### **4. Capturing the small business segment**

Preparations continue for the launch of a Small Business offering in the last quarter of FY2012.

#### **5. People**

Yellow Brick Road has invested in a number of senior personnel assets during the period, specifically in Risk and Compliance and Investments to ensure sound governance and accelerate development of the business. Resources have also been allocated in the areas of induction and productivity to support branches in adopting the full wealth management model.

The company has also established an incentive plan for staff, which has been implemented to align remuneration with the fulfilment of objectives set by the company.

It was pleasing to see the solid progress made by the business during the half year. The Yellow Brick Road team, comprising our head office staff, the branch principals and their staff have worked hard to achieve what we have to date and we look forward to building on this momentum moving into 2HFY12.

To build and differentiate this business in a competitive financial services market will require continued focus and hard work, and we are confident that we have built an inspired team who will take the challenge head on. The second half of 2012 will see us build revenue momentum across the business as we continue to see more branches open and commence generating revenue. Productivity from existing branches will also continue to improve as they mature.

Expense growth is planned to stabilise in the second half as we now have in place the necessary resources and infrastructure for this growth phase of our development.

We look forward to providing further updates as we execute our strategy.

Yours sincerely,



Mark Bouris  
Executive Chairman  
Yellow Brick Road



Matt Lawler  
CEO  
Yellow Brick Road

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## APPENDIX 4D HALF-YEAR REPORT

### 1. Company details

Name of entity:	<b>Yellow Brick Road Holdings Limited</b>
ABN:	44 119 436 083
Reporting period:	<b>Half-year ended 31 December 2011</b>
Previous corresponding period:	Half-year ended 31 December 2010

### 2. Results for announcement to the market

Revenues from ordinary activities	up	30.9%	to	\$ 6,708,000
Loss from ordinary activities after tax attributable to the owners of Yellow Brick Road Holdings Limited	up	523.6%	to	\$(3,411,000)
Loss for the period attributable to the owners of Yellow Brick Road Holdings Limited	up	523.6%	to	\$(3,411,000)

#### *Dividends*

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

#### *Comments*

The loss for the consolidated entity after providing for income tax amounted to \$3,411,000 (31 December 2010: \$547,000).

See attached announcement for further information.

### 3. NTA backing

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	9.59 cents	5.22 cents

### 4. Control gained over entities

Name of entities (or group of entities)	Not applicable
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Date control gained

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)

\$ -

Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)

\$ -

**5. Loss of control over entities**

Name of entities (or group of entities) Not applicable

Date control lost

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)

\$ -

Profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)

\$ -

**6. Dividends**

*Current period*

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

*Previous corresponding period*

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

**7. Dividend reinvestment plans**

*The following dividend or distribution plans are in operation:*

Not applicable.

The last date(s) for receipt of election notices for the dividend or distribution plans:

Not applicable

**8. Details of associates and joint venture entities**

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
YBR Funds Management Pty Limited	50.00%	0.00%	\$ -	\$ -
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit(loss) from ordinary activities before income tax			\$ -	\$ -
Income tax on operating activities			\$ -	\$ -

YBR Funds Management Pty Limited ('YBRFM') was incorporated at ASIC on 4 October 2011. YBRFM is a joint venture established to manufacture funds management solutions. The company did not trade during the half-year ended 31 December 2011.

**9. Foreign entities**

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

Not applicable.

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**10. Audit qualification or review**

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

The accounts were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**11. Attachments**

*Details of attachments (if any):*

The Financial Report of Yellow Brick Road Holdings Limited for the half-year ended 31 December 2011 is attached.

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**12. Signed**

Signed: \_\_\_\_\_



Date: 28 February 2012

Mark Bouris  
Executive Chairman  
Sydney

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# **Yellow Brick Road Holdings Limited**

**ABN 44 119 436 083**

**Interim Report - 31 December 2011**

**Yellow Brick Road Holdings Limited**  
**Directors' report**  
**31 December 2011**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Yellow Brick Road Holdings Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2011.

**Directors**

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

Mark Bouris - Chairman  
Scott Jones  
Owen Williams  
Adrian Bouris  
David Coleman (appointed on 7 September 2011)

**Principal activities**

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

- investment and wealth management services
- general insurance services
- accounting services
- mortgage broking services

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$3,411,000 (31 December 2010: \$547,000).

Refer to the shareholder update released with this document for a detailed review of operations.

**Significant changes in the state of affairs**

**Investment by Nine Entertainment Group**

On 8 August 2011, the company issued the following securities to a subsidiary of the Nine Entertainment Group, Pink Platypus Pty Limited:

- 32,450,000 ordinary class shares in the company at an issue price of 40 cents per share (constituting a 19.99% shareholding in the company); and
- 8,564,930 performance options to acquire up to a further 8,564,930 ordinary class shares in the company over a period of 5 years.

The shares are subject to a voluntary escrow period of one year from the date of issue, expiring on 8 September 2012. The shares and performance options were issued in accordance with the resolutions passed at the general meeting of the company's shareholders held on 7 September 2011.

The total consideration for the shares is \$12,980,000, half of which was settled in cash. The balance of \$6,490,000 will be satisfied by the provision by the Nine Entertainment Group of advertising over the next 5 years under the terms of a contra advertising agreement which the company and Nine Entertainment Co Pty Limited also, entered into on 8 August 2011.

The company agreed to issue the performance options to Pink Platypus as a performance mechanism to motivate the Nine Entertainment Group to assist the company in deriving maximum value for the advertising and associated benefits to be provided under the advertising the Nine Entertainment Group is providing to the company in partial consideration for issuing the above shares.

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

**Yellow Brick Road Holdings Limited**  
**Directors' report**  
**31 December 2011**

**Rounding of amounts**

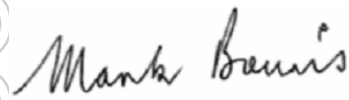
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Mark Bouris  
Executive Chairman

28 February 2012  
Sydney

## DECLARATION OF INDEPENDENCE BY IAIN KEMP TO THE DIRECTORS OF YELLOW BRICK ROAD HOLDINGS LIMITED

As lead auditor for the review of Yellow Brick Road Holdings Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Yellow Brick Road Holdings Limited and the entities it controlled during the period.



**Iain Kemp**  
Director

**BDO Audit (NSW-VIC) Pty Ltd**

Sydney, 28 February 2012

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**Yellow Brick Road Holdings Limited**  
**Financial report**  
**For the half-year ended 31 December 2011**

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**General information**

The financial report covers Yellow Brick Road Holdings Limited as a consolidated entity consisting of Yellow Brick Road Holdings Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Yellow Brick Road Holdings Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

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 report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 February 2012. The directors have the power to amend and reissue the financial report.

**Yellow Brick Road Holdings Limited**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2011**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	6,708	5,124
Other income	4	20	1
<b>Expenses</b>			
Commissions and consultancy expenses		(2,512)	(1,367)
Employee benefits expense		(4,188)	(2,705)
Depreciation and amortisation expense	5	(157)	(174)
Operating expenses		(2,550)	(850)
Occupancy expenses		(282)	(238)
Finance costs	5	(450)	(338)
<b>Loss before income tax expense</b>		(3,411)	(547)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Yellow Brick Road Holdings Limited</b>		(3,411)	(547)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Yellow Brick Road Holdings Limited</b>		(3,411)	(547)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	14	(2.19)	(0.65)
Diluted earnings per share	14	(2.19)	(0.65)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes*

**Yellow Brick Road Holdings Limited**  
**Statement of financial position**  
**As at 31 December 2011**

		<b>Consolidated</b>	
Note	31 Dec 2011	30 Jun 2011	
	\$'000	\$'000	
<b>Assets</b>			
<b>Current assets</b>			
	10,334	13,672	
	3,070	2,664	
	588	598	
6	3,613	833	
	<u>17,605</u>	<u>17,767</u>	
<b>Non-current assets</b>			
	2,021	1,625	
	130	-	
	26	-	
	865	937	
	11,042	10,812	
7	5,440	-	
	<u>19,524</u>	<u>13,374</u>	
	<u>37,129</u>	<u>31,141</u>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
	2,245	2,888	
	5,323	7,987	
	459	463	
	<u>8,027</u>	<u>11,338</u>	
<b>Non-current liabilities</b>			
	449	551	
	239	187	
	1,764	1,455	
	<u>2,452</u>	<u>2,193</u>	
	<u>10,479</u>	<u>13,531</u>	
	<u>26,650</u>	<u>17,610</u>	
<b>Equity</b>			
8	35,258	22,873	
	300	234	
	<u>(8,908)</u>	<u>(5,497)</u>	
	<u>26,650</u>	<u>17,610</u>	

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Yellow Brick Road Holdings Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2011**

	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Consolidated</b>				
Balance at 1 July 2010	7,451	234	(2,898)	4,787
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(547)	(547)
Total comprehensive income for the half-year	-	-	(547)	(547)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,462	-	-	1,462
Balance at 31 December 2010	<u>8,913</u>	<u>234</u>	<u>(3,445)</u>	<u>5,702</u>
	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Consolidated</b>				
Balance at 1 July 2011	22,873	234	(5,497)	17,610
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(3,411)	(3,411)
Total comprehensive income for the half-year	-	-	(3,411)	(3,411)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	12,385	-	-	12,385
Share-based payments	-	66	-	66
Balance at 31 December 2011	<u>35,258</u>	<u>300</u>	<u>(8,908)</u>	<u>26,650</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes



**Yellow Brick Road Holdings Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2011**

	<b>Consolidated</b>	
<b>Note</b>	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	6,222	5,852
Payments to suppliers and employees (inclusive of GST)	<u>(12,697)</u>	<u>(8,540)</u>
	(6,475)	(2,688)
Interest received	348	61
Other income	404	1
Interest and other finance costs paid	<u>(327)</u>	<u>(306)</u>
Net cash used in operating activities	<u>(6,050)</u>	<u>(2,932)</u>
<b>Cash flows from investing activities</b>		
Payments for investments	(26)	-
Payments for new joint venture capital invested	(130)	-
Payments for property, plant and equipment	<u>(78)</u>	<u>(14)</u>
Net cash used in investing activities	<u>(234)</u>	<u>(14)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	8	6,490
Share issue transaction costs		1,500
		(501)
Repayment of borrowings		(38)
Repayment of other loans		(450)
Repayment of lease liabilities		(900)
		(2,419)
		<u>(174)</u>
Net cash from/(used in) financing activities	<u>2,946</u>	<u>(89)</u>
Net decrease in cash and cash equivalents	(3,338)	(3,035)
Cash and cash equivalents at the beginning of the financial half-year	<u>13,672</u>	<u>4,187</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>10,334</u></u>	<u><u>1,152</u></u>

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

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**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.

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 has not had a material impact on the consolidated entity.

*AASB 124 Related Party Disclosures (December 2009)*

The consolidated entity has applied AASB 124 (revised) from 1 July 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. The adoption of this revised standard from 1 July 2011 has not had a material impact on the consolidated entity.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 2. Operating segments**

*Identification of reportable operating segments*

The consolidated entity has identified that there is one operating segment based on the internal reports that are reviewed and used by the Chief Executive Officer and the Board of Directors (collectively referred to as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews various metrics for each business unit 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 consolidated entity provides investment and wealth management services, accounting services, mortgage broking services and general insurance services. Refer to note 3 for information about revenue by service type.

*Geographical information*

All revenue were derived from customers in Australia and all non-current assets were held in Australia.

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Sales revenue</i>		
Investment and wealth management services	1,135	871
Accounting services	2,235	2,256
Mortgage broking services	2,611	1,404
General insurance services	220	474
	<u>6,201</u>	<u>5,005</u>
<i>Other revenue</i>		
Interest on deposits	388	61
Other interest *	119	58
	<u>507</u>	<u>119</u>
Revenue	<u><u>6,708</u></u>	<u><u>5,124</u></u>

\* Other interest relates to the unwinding of discount on trail commission receipts.

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Other	<u>20</u>	<u>1</u>

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	49	37
Office equipment	83	107
	<u>132</u>	<u>144</u>
Total depreciation		
<i>Amortisation</i>		
Development	4	4
Software	21	26
	<u>25</u>	<u>30</u>
Total amortisation		
Total depreciation and amortisation	<u>157</u>	<u>174</u>
<i>Superannuation contribution</i>		
Defined contribution superannuation expense	249	174
	<u>242</u>	<u>215</u>
<i>Minimum lease rental</i>		
Rental expense relating to operating leases	242	215
	<u>242</u>	<u>215</u>
<i>Finance costs</i>		
Interest and finance charges on loans and borrowings	364	306
Other interest *	86	32
	<u>450</u>	<u>338</u>
Finance costs expensed		
<i>Marketing</i>		
Marketing costs	1,055	196
	<u>1,055</u>	<u>196</u>
<i>Consultancy</i>		
Consultancy fees	516	133
	<u>516</u>	<u>133</u>

\* Other interest relates to the unwinding of discount from trail commission payments.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 6. Current assets - other**

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>30 Jun 2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Accrued revenue	-	17
Prepayments *	3,593	734
Security deposits	20	20
Other current assets	-	62
	<u>3,613</u>	<u>833</u>

\* Refer to note 11 for additional disclosure.

**Note 7. Non-current assets - other**

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>30 Jun 2011</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments *	<u>5,440</u>	<u>-</u>

\* Refer to note 11 for additional disclosure.

**Note 8. Equity - contributed**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>30 Jun 2011</b>	<b>31 Dec 2011</b>	<b>30 Jun 2011</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>162,733,666</u>	<u>130,283,666</u>	<u>35,258</u>	<u>22,873</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2011	130,283,666		22,873
Nine Entertainment Group	8 August 2011	32,450,000	\$0.40	12,980
Share issue transaction costs				<u>(595)</u>
Balance	31 December 2011	<u>162,733,666</u>		<u>35,258</u>

*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.

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.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 8. Equity - contributed (continued)**

*Options*

During the half-year there were 8,564,930 (30 June 2011: nil) options over ordinary shares in issue. None of these options have vested as at 31 December 2011.

**Note 9. Equity - dividends**

There were no dividends paid by the parent entity during the current or previous financial half-years.

**Note 10. Contingent liabilities**

The consolidated entity has given guarantees as at 31 December 2011 of \$1,025,000 (31 December 2010: \$1,025,000).

A claim received from a former employee of the consolidated entity who was employed as chief financial officer from July 2007 to 30 April 2009. The former employee has claimed \$125,000 in unpaid employee entitlements and certain equity participation rights in Yellow Brick Road Group Pty Limited ('YBRG'), including rights to 2% of the equity of YBRG for which the employee claims he paid \$400,000 to YBRG. YBRG, in a letter to the former employee's solicitors, has denied the claims made by the former employee. If the former employee does commence legal action against the consolidated entity, then any such action will be defended by consolidated entity. The directors believe that the consolidated entity will be able to successfully defend any such claim and therefore no provision has been made.

A client of Yellow Brick Road Investment Services Pty Limited ('YBRIS'), formerly known as Calliva Wealth Pty Limited ('Calliva'), has advised YBRIS that they have incurred a tax penalty as a result of a transaction entered on the advice of an agent of Calliva prior to Calliva being acquired by the consolidated entity. The client has indicated their loss is up to \$170,000. At this stage no formal claim has been received and the directors have been unable to adequately assess its merit. Furthermore the consolidated entity would seek compensation from other parties should the claim be successful and therefore no provision has been made.

**Note 11. Related party transactions**

*Parent entity*

Yellow Brick Road Holdings Limited is the parent entity.

*Joint ventures*

Interests in joint ventures are set out in note 12.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 11. Related party transactions (continued)**

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services:		
Sales to TZ Limited (director-related entity of Mark Bouris) - Accounting and secretarial services	19,866	19,500
Sales to TZ Limited (director-related entity of Mark Bouris) - Marketing services	60,000	61,250
Payment for goods and services:		
Indemnity fee to Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris) (refer note 1 below)	96,375	-
Consultancy services from Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris) (refer note 2 below)	375,000	25,680
Purchases from BBB Capital Pty Limited (director-related entity of Adrian Bouris) (refer note 3 below)	490,390	37,500
Purchases from Chifley Travel (director-related entity of Adrian Bouris)	7,578	5,228
Sponsor fee to the Nine Entertainment Group (shareholder-related entity) (refer note 4 below)	450,000	-
Share-based payment to the Nine Entertainment Group (shareholder-related party)	66,000	-

*Note 1:*

Golden Wealth Holdings Pty Ltd Indemnity fee. Mark Bouris has provided a personal guarantee to St George Bank ('St George'). Mr Bouris has guaranteed repayment of all amounts (up to \$12 million) that are owing or that may become owing to St George by Yellow Brick Road Group Pty Ltd, YBR Services Pty Limited, Yellow Brick Road Financial Planners Pty Limited, Yellow Brick Road Wealth Management Pty Ltd and Yellow Brick Road Investment Partners Pty Ltd. A fee of 2.5% per annum of the secured amounts is payable to Golden Wealth Holdings, in consideration for the provision of Mr Bouris's personal guarantee.

*Note 2:*

The executive chairman, Mark Bouris is engaged under a consultancy agreement between Yellow Brick Road Holdings Limited and Golden Wealth Holdings Pty Limited, a company controlled by Mark Bouris. The consultancy fee is \$750,000 per financial year. The company's 30 June 2011 Annual Report includes a more detailed description of the terms of this consultancy agreement.

*Note 3:*

BBB Capital Pty Limited, a company of which Adrian Bouris is a director and shareholder, earned a success fee of \$490,390 for negotiating and managing the Nine Entertainment Group's \$12,980,000 equity investment in Yellow Brick Road Holdings Limited and related advertising and options arrangement.

*Note 4:*

During the half-year ended 31 December 2011 the company used \$450,000 of pre-paid advertising and marketing services available from the Nine Entertainment Group. The balance remaining for future use as at 31 December 2011 is \$8,690,000.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 11. 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:

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>30 Jun 2011</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Trade receivables from TZ Limited (director-related entity of Mark Bouris)	23,614	47,183
Trade receivables from Mark Bouris for insurance services	-	26,283
Trade receivables from State Capital Property Ltd (director-related entity of Mark Bouris)	-	23,748
Prepayment from the Nine Entertainment Group * (shareholder-related entity)	3,250,000	-
Non-current receivables:		
Prepayment from the Nine Entertainment Group * (shareholder-related entity)	5,440,000	-
Current payables:		
Indemnity fee payable to Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris)	62,500	400,680
Trade payables to Mark Bouris	-	40,919
Trade payables to Chifley Travel (director-related entity of Adrian Bouris)	-	11,768
Trade payables to BBB Capital Pty Limited (director-related entity of Adrian Bouris) **	140,000	-

*Loans to/from related parties*

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

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>30 Jun 2011</b>
	<b>\$</b>	<b>\$</b>
Current borrowings:		
Loan from Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris)	-	1,650,945
Loan from key management personnel (Mark Bouris)	-	199,798
Loan from key management personnel (James Garnsey)	85,386	485,356

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates. All amounts disclosed exclude goods and services tax where applicable.

\* Nine Entertainment Group ('Nine') will provide future advertising and marketing services valued at \$8,690,000. No future cash consideration is payable to Nine for these services. Balances are included in notes 6 and 7.

\*\* Unpaid balance of fee earned referred to in Note 3 above.



**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2011**

**Note 12. Interests in joint ventures**

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

Joint venture	Principal activities	Consolidated Percentage interest	
		31 Dec 2011 %	30 Jun 2011 %
YBR Funds Management Pty Limited	Funds management	50.00	-

YBR Funds Management Pty Limited ('YBRFM') was incorporated at ASIC on 4 October 2011. YBRFM is a joint venture established to manufacture funds management solutions. The company did not trade during the half-year ended 31 December 2011.

**Note 13. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 14. Earnings per share**

	Consolidated	
	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Loss after income tax attributable to the owners of Yellow Brick Road Holdings Limited	<u>(3,411)</u>	<u>(547)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>156,032,035</u>	<u>84,059,391</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>156,032,035</u>	<u>84,059,391</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(2.19)	(0.65)
Diluted earnings per share	(2.19)	(0.65)

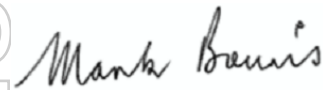
**Yellow Brick Road Holdings Limited**  
**Directors' declaration**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



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Mark Bouris  
Executive Chairman

28 February 2012  
Sydney

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF YELLOW BRICK ROAD HOLDINGS LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Yellow Brick Road Holdings Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Yellow Brick Road Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Yellow Brick Road Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us

believe that the half-year financial report of Yellow Brick Road Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



**BDO Audit (NSW-VIC) Pty Ltd**



**Iain Kemp**  
Director

Sydney, 28 February 2012

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