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27 February 2014

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

Dear Sir/Madam

**APPENDIX 4D: HALF YEARLY REPORT**

Yellow Brick Road Holdings Limited ("**Yellow Brick Road**") (ASX:YBR) has announced the company's results for the half year to 31 December 2013.

In the six months to 31 December 2013, the company has advanced the three core elements of the strategy, which include: building a nationally recognised and trusted brand, delivering advice via a growing distribution footprint, and developing a comprehensive product suite.

As at 31 December 2013, the company held \$14.55m in cash and remains well placed to deliver on its organic strategies.

The company has been focused on driving some of the key metrics required for future growth. These include the number of signed branches increasing to 184 and the number of representatives authorised to provide credit and/or personal advice increasing to 167. The growth of the network has resulted in increased flows into our core product offerings with mortgages, investments and insurance books all recording strong increases (further detail in highlights section).

**FINANCIAL SUMMARY FOR THE SIX MONTHS TO 31 DECEMBER 2013**

Some of the key financial movements are as follows:

Sales Revenue (As per Interim Report)	1H13	1H14	1H14 v 1H13	
	\$m	\$m	\$m	%
<b>Branch network revenue</b>				
Wealth Management	1.27	2.91	1.64	↑129%
Lending (Retail)	4.90	8.49	3.59	↑73%
Other Revenue	0.09	0.06	(0.03)	↓(38%)
	<b>6.26</b>	<b>11.46</b>	<b>5.20</b>	<b>↑83%</b>
<b>Non-Branch: Professional Services</b>	<b>2.79</b>	<b>2.92</b>	<b>0.13</b>	<b>↑5%</b>
<b>Total Sales Revenue</b>	<b>9.05</b>	<b>14.38</b>	<b>5.33</b>	<b>↑59%</b>
Other Revenue	0.53	0.89	0.36	↑69%
<b>Total Revenue</b>	<b>9.58</b>	<b>15.27</b>	<b>5.69</b>	<b>↑60%</b>

Yellow Brick Road Holdings Limited | ABN 44 119 436 083

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Operating Expenses (excluding commissions)	1H13	1H14	1H14 v 1H13	
	\$m	\$m	\$m	%
<b>Operating expenses</b>				
Marketing expenses	(1.70)	(1.87)	(0.17)	(10%)
Growth initiatives				
-Accounting	-	(0.46)	(0.46)	(100%)
-Branch Recruitment and Induction	-	(0.36)	(0.36)	(100%)
Other operating expenses	(6.09)	(6.62)	(0.53)	(9%)
<b>Total operating expenses</b>	<b>(7.79)</b>	<b>(9.31)</b>	<b>(1.51)</b>	<b>(19%)</b>

\*The following growth initiatives were initiated during the half:

- o The company restructured its operations to **enhance branch recruitment, induction and productivity**. A cost of \$0.36m was incurred for this initiative and is showing early signs of reducing the time for a recruited branch to become income producing.
- o Additional personnel costs in the accounting practice were incurred to **increase accounting activity**. A cost of \$0.46m was sustained for this initiative and has already had a positive impact for the half as evidenced by the increase in professional services revenue.

## OPERATIONAL HIGHLIGHTS FOR THE SIX MONTHS TO 31 DECEMBER 2013

### Brand

The company's focus for the half was to capitalise on the low interest rate environment and set the company up for an aggressive shift from brand building to a lead generation strategy.

- o According to independent research conducted in the half, the company's "prompted awareness" lifted to 33%, up six points from the previous year.
- o The increase in prompted awareness was credited to television activity, with 60% of respondents saying they recognised the brand from "within a TV programme", 56% crediting "a TV ad" and 28% recognising the company from "sponsoring a TV show".
- o To build off this increase in awareness, the company announced that it would begin phasing out its discount variable rate advertising in favour of "true rate" advertising.
- o Transparency around the promotion and marketing of interest rates has become a major part of Yellow Brick Road's draft submission to the Financial System Inquiry, which was announced by the Treasurer in November in an effort to build a more flexible and competitive financial system.
- o With growth in brand awareness achieved, the company spent the second part of the half gearing up for the launch of an online lead generation campaign, utilising Nine's online assets NineMSN and Nine Rewards, as well as a number of affiliate marketing, social media and search engine marketing tactics.
- o In anticipation of the new campaign, the company launched its first suite of mobile landing pages in December. With 30% of Yellow Brick Road website traffic coming from a smart phone or tablet, mobile functionality has been a key driver to increase customer conversions. These tactics have proven very effective in the short term and will become a major part of the website rebuild, which will commence in the second half.

### Distribution

The distribution channel concentration for the half was to improve the productivity and capability of current branches, in addition to recruiting new talent to further expand the network.

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- **Branch Network**

- The take-up of wealth management advice by the branch network continues to grow significantly, representing 30% of total branch revenue at the end of the half (measured on the December quarter).
- It is important to note that the ratio of wealth management to mortgage revenue amongst the top 20 branches is even higher at 40%, showing that as branches become more mature, their capability to offer full advice increases significantly.
- The total number of signed branch licences grew from 168 at the beginning of the half to 184 at the end of the half.
- In addition to the 16 new licences that were added in the half, the company recruited a number of new replacement licences in key areas where productivity was not meeting minimum requirements.
- The focus of the company's recruitment efforts has been to strengthen numbers in the key growth markets of Sydney metro and Central Coast/Newcastle.
- Training and productivity continues to be a focus with a growing number of Wealth Managers continuing to enhance their accreditations.

- **Professional Services**

- The General Insurance business continued to perform well with a strong client base and solid support from the branch network.
- The Investment Services business has performed solidly, with continued growth anticipated in the second half off the back of a client acquisition and retention implementation strategy.
- The Accounting practice has also seen increased revenue from the employment of additional staff and a focus on improved productivity.

## **Product**

During the half, the company finished the roll-out of its comprehensive product suite. The completion of this platform has enabled the branch network to offer a full end-to-end solution that rivals the portfolio of any major financial institution.

- **Home Loans**

- Two new home loan products were launched in the half to take advantage of historically low interest rates and the increase in demand from property investors.
- The Rate Smasher Home Loan was launched with a bottom line rate of 4.74% as a solution for consumers wanting a basic loan facility. With its competitive interest rate and a supporting "true rate" marketing campaign, this product has been key in driving inquiry in this low interest rate environment.
- The Yellow Brick Road Investor Pack was announced in December as a way to encourage activity in the growing property investment segment. The Investor Pack, which combined the Empower range of loans with a landlord insurance offer and a depreciation schedule, has produced strong inquiry since launch.
- Off the back of a solid spring, settlements tipped the home loan book over the \$2b mark at the end of the half.

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• **Wealth Management**

- The company built its Funds Under Management (FUM) to \$388m, which includes FUM from its Wealth and Investment Services businesses, its RetireRight superannuation fund and its Smarter Money managed fund.
- Life insurance revenue continued its significant growth, increasing by 168% over the previous corresponding period.
- The successful launch of the company's end-to-end SMSF service towards the end of the first half resulted in a growing flow of SMSF clients, allowing us to tap into investment, administration, loans and insurance opportunities.
- The company's low cost, simple superannuation product, RetireRight, produced an impressive client flow and a growing FUM balance from over 800 clients. Notably over 40% of new accounts were direct from consumers attracted by its low cost, simplicity and ease of access.

• **Investments**

- Smarter Money continues its strong growth trajectory, with \$137m in total FUM at the end of the half.
- The Smarter Money return for the 12 months ended 31 December 2013 was 4.64% p.a. after fund fees. This is in comparison to the official cash rate, which averaged 2.69% over the same period.
- A new online application was launched in December, ensuring expediency for new investors.

• **Other Products**

- The Empower Platinum Credit Card was launched in August, providing Yellow Brick Road with another entry point into the younger, pre-mortgage market. The credit card, which is powered by Macquarie, is also available for all Empower home loan clients.
- The Cash Manager account was also launched in the half, providing clients with a cash flow management tool to assist them in their income distribution and allocation strategy.

We look forward to providing further detail on our progress with our next communication to investors and shareholders scheduled for the week beginning 17 March 2014 as part of our six monthly Investor Update.

Yours sincerely,



**Mark Bouris**  
Executive Chairman  
Yellow Brick Road



**Matt Lawler**  
Chief Operating Officer  
Yellow Brick Road

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## APPENDIX 4D HALF-YEAR REPORT

### 1. Company details

Name of entity:	Yellow Brick Road Holdings Limited
ABN:	44 119 436 083
Reporting period:	Half-year ended 31 December 2013
Previous corresponding period:	Half-year ended 31 December 2012

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### 2. Results for announcement to the market

Revenues from ordinary activities	up 59.4%	to	\$ 15,266,000
Loss from ordinary activities after tax attributable to the owners of Yellow Brick Road Holdings Limited	4.0%		\$(3,571,000)
Loss for the period attributable to the owners of Yellow Brick Road Holdings Limited	4.0%	to	\$(3,571,000)

#### 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 \$3,571,000 (31 December 2012: \$3,721,000).

See attached shareholder update for further information.

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### 3. Net tangible assets

	Reporting period	Previous corresponding period
Net tangible assets per ordinary security	9.87 cents	8.65 cents

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### 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 before income tax during the period (where material)

\$ -

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

\$ -

**Yellow Brick Road Holdings Limited**  
**Half-year report**

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**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 after income tax during the period (where material)

\$ -

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

\$ -

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**6. Dividends**

*Current period*

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

*Previous corresponding period*

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

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**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.

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**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%	50.00%	\$ 195,000	\$ 41,000
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			\$ 195,000	\$ 41,000
Income tax on operating activities			\$ 195,000	\$ 41,000

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**9. Foreign entities**

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

Not applicable.

**Yellow Brick Road Holdings Limited**  
**Half-year report**

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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 Director's Report and Interim Financial Report.

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**11. Attachments**

*Details of attachments (if any):*

Interim Financial Report, including the Director's Report and Financial Statements of Yellow Brick Road Holdings Limited for the half-year ended 31 December 2013 is attached.

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**12. Signed**

Signed: 

Date: 27 February 2014

Mark Bouris

Sydney

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# **Yellow Brick Road Holdings Limited**

**ABN 44 119 436 083**

**Director's Report and Interim Financial Statements - 31  
December 2013**



**Yellow Brick Road Holdings Limited**  
**Directors' report**  
**31 December 2013**

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 2013.

**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  
Adrian Bouris  
Owen Williams  
Scott Jones  
Melanie Kansil (appointed on 23 September 2013)  
David Coleman (resigned on 23 September 2013)

**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 \$3,571,000 (31 December 2012: \$3,721,000).

See attached shareholder update for further information.

**Significant changes in the state of affairs**

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

**Rounding of amounts**

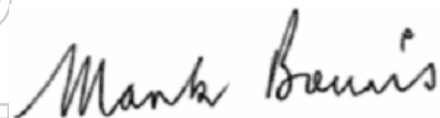
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

**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

27 February 2014  
Sydney

Grant Thornton Audit Pty Ltd  
ACN 130 913 594

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**Auditor's Independence Declaration  
To The Directors of Yellow Brick Road Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Yellow Brick Road Limited for the half-year ended 31 December 2013, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



I S Kemp  
Partner - Audit & Assurance

Sydney, 27 February 2014

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**Yellow Brick Road Holdings Limited**  
**Financial report**  
**31 December 2013**

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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 27 February 2014. The directors have the power to amend and reissue the financial report.

**Yellow Brick Road Holdings Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2013**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	15,266	9,576
Share of profits of joint ventures accounted for using the equity method		195	41
Other income		-	9
<b>Expenses</b>			
Commissions and consultancy expenses		(8,867)	(4,897)
Employee benefits expense		(4,789)	(4,137)
Depreciation and amortisation expense	4	(206)	(151)
Operating expenses		(4,125)	(3,330)
Occupancy expenses		(393)	(326)
Finance costs	4	(652)	(506)
<b>Loss before income tax expense</b>		(3,571)	(3,721)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Yellow Brick Road Holdings Limited</b>		(3,571)	(3,721)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on revaluation of available-for-sale financial assets, net of tax		111	16
Other comprehensive income for the half-year, net of tax		111	16
<b>Total comprehensive income for the half-year attributable to the owners of Yellow Brick Road Holdings Limited</b>		(3,460)	(3,705)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	13	(1.83)	(2.27)
Diluted earnings per share	13	(1.83)	(2.27)

*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 31 December 2013**

		<b>Consolidated</b>	
<b>Note</b>	<b>31 Dec 2013</b>	<b>30 Jun 2013</b>	
	<b>\$'000</b>	<b>\$'000</b>	
<b>Assets</b>			
<b>Current assets</b>			
	14,553	18,260	
	5,883	5,447	
	464	463	
5	<u>3,257</u>	<u>3,780</u>	
	<u>24,157</u>	<u>27,950</u>	
<b>Non-current assets</b>			
	12,196	9,444	
	131	177	
	162	52	
	654	674	
	11,126	11,029	
6	<u>1,671</u>	<u>2,263</u>	
	<u>25,940</u>	<u>23,639</u>	
	<u>50,097</u>	<u>51,589</u>	
<b>Liabilities</b>			
<b>Current liabilities</b>			
	5,841	5,391	
	939	790	
	601	595	
	<u>7,381</u>	<u>6,776</u>	
<b>Non-current liabilities</b>			
	4,041	4,621	
	156	187	
	8,158	6,353	
	<u>12,355</u>	<u>11,161</u>	
	<u>19,736</u>	<u>17,937</u>	
	<u>30,361</u>	<u>33,652</u>	
<b>Equity</b>			
7	52,019	51,947	
	812	604	
	<u>(22,470)</u>	<u>(18,899)</u>	
	<u>30,361</u>	<u>33,652</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 2013**

	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>Consolidated</b>				
Balance at 1 July 2012	35,228	393	(12,323)	23,298
Loss after income tax expense for the half-year	-	-	(3,721)	(3,721)
Other comprehensive income for the half-year, net of tax	-	16	-	16
Total comprehensive income for the half-year	-	16	(3,721)	(3,705)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	6,890	-	-	6,890
Share-based payments	-	98	-	98
Balance at 31 December 2012	<u>42,118</u>	<u>507</u>	<u>(16,044)</u>	<u>26,581</u>
	<b>Issued capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total equity \$'000</b>
<b>Consolidated</b>				
Balance at 1 July 2013	51,947	604	(18,899)	33,652
Loss after income tax expense for the half-year	-	-	(3,571)	(3,571)
Other comprehensive income for the half-year, net of tax	-	111	-	111
Total comprehensive income for the half-year	-	111	(3,571)	(3,460)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 7)	72	-	-	72
Share-based payments	-	97	-	97
Balance at 31 December 2013	<u>52,019</u>	<u>812</u>	<u>(22,470)</u>	<u>30,361</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 2013**

	<b>Consolidated</b>	
<b>Note</b>	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	12,741	8,330
Payments to suppliers and employees (inclusive of GST)	<u>(15,824)</u>	<u>(10,803)</u>
	(3,083)	(2,473)
Interest received	274	230
Other revenue	171	9
Interest and other finance costs paid	<u>(159)</u>	<u>(265)</u>
Net cash used in operating activities	<u>(2,797)</u>	<u>(2,499)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(227)	(13)
Loans from/(to) related and other parties	<u>(102)</u>	<u>(240)</u>
Net cash used in investing activities	<u>(329)</u>	<u>(253)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	7	7,000
Share issue transaction costs	(130)	-
Repayment of borrowings	-	(119)
Repayment of lease liabilities	<u>(451)</u>	<u>(103)</u>
Net cash from/(used in) financing activities	<u>(581)</u>	<u>6,778</u>
Net increase/(decrease) in cash and cash equivalents	(3,707)	4,026
Cash and cash equivalents at the beginning of the financial half-year	<u>18,260</u>	<u>7,235</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>14,553</u></u>	<u><u>11,261</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 2013**

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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 2013 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, 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.

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 below. 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 10 Consolidated Financial Statements*

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

*AASB 11 Joint Arrangements*

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for the assets, liabilities, revenues and expenses in accordance with the standards applicable to the particular asset, liability, revenue or expense.

*AASB 12 Disclosure of Interests in Other Entities*

The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with interests in other entities: subsidiaries, joint arrangements (joint operations or joint ventures), associates and unconsolidated structured entities. It has significantly enhanced the disclosure requirements, when compared to the standards that have been replaced.

*AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used. AASB 134 requires particular AASB 13 disclosures on the interim financial statements which are provided in Note 9.



**Note 1. Significant accounting policies (continued)**

*AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

*AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standard*

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

*AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The consolidated entity has applied AASB 2012-2 amendments from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires entities to disclose information about rights of set-off and related arrangements, such as collateral agreements. The amendments apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

*AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

*AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments*

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2013**

**Note 2. 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 Chief Executive Officer and the Board (collectively referred to as the Chief Operating Decision Makers ('CODM')) in assessing revenue performance and in determining the allocation of resources. There is no aggregation of operating segments.

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, accounting services, mortgage broking services and general insurance services.

*Geographical information*

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

*Operating segment information*

	Branch network \$'000	Professional services \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
<b>Consolidated - 31 Dec 2013</b>				
<b>Revenue</b>				
Sales to external customers	11,458	2,969	(52)	14,375
Total sales revenue	11,458	2,969	(52)	14,375
Other revenue	619	-	272	891
<b>Total revenue</b>	<b>12,077</b>	<b>2,969</b>	<b>220</b>	<b>15,266</b>
<b>Loss before income tax expense</b>				
Income tax expense				-
<b>Loss after income tax expense</b>				<b>(3,571)</b>
<b>Consolidated - 31 Dec 2012</b>				
<b>Revenue</b>				
Sales to external customers	6,261	2,787	-	9,048
Intersegment sales	-	34	(34)	-
Total sales revenue	6,261	2,821	(34)	9,048
Other revenue	316	-	212	528
<b>Total revenue</b>	<b>6,577</b>	<b>2,821</b>	<b>178</b>	<b>9,576</b>
<b>Loss before income tax expense</b>				
Income tax expense				-
<b>Loss after income tax expense</b>				<b>(3,721)</b>

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2013**

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Sales revenue</i>		
Branch network	11,458	6,261
Non-branch: Professional services	2,917	2,787
	<u>14,375</u>	<u>9,048</u>
<i>Other revenue</i>		
Interest	272	212
Discount unwind on trail commission receipts	619	316
	<u>891</u>	<u>528</u>
Revenue	<u>15,266</u>	<u>9,576</u>

**Note 4. Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	51	51
Office equipment	52	30
	<u>103</u>	<u>81</u>
<i>Amortisation</i>		
Development	36	22
Software	67	48
	<u>103</u>	<u>70</u>
Total depreciation and amortisation	<u>206</u>	<u>151</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	190	264
Discount unwind on trail commission payments	462	242
	<u>652</u>	<u>506</u>
Marketing expenses	<u>1,871</u>	<u>1,703</u>
Consultancy expenses	<u>499</u>	<u>469</u>

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2013**

**Note 5. Current assets - other**

	<b>Consolidated</b>	
	<b>31 Dec 2013</b>	<b>30 Jun 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments *	3,237	3,760
Security deposits	20	20
	<u>3,257</u>	<u>3,780</u>

\* Refer to note 11 for additional disclosures

**Note 6. Non-current assets - other**

	<b>Consolidated</b>	
	<b>31 Dec 2013</b>	<b>30 Jun 2013</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments *	<u>1,671</u>	<u>2,263</u>

\* Refer to note 11 for additional disclosures

**Note 7. Equity - issued capital**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>31 Dec 2013</b>	<b>30 Jun 2013</b>	<b>31 Dec 2013</b>	<b>30 Jun 2013</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>194,864,828</u>	<u>194,519,381</u>	<u>52,019</u>	<u>51,947</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 2013	194,519,381		51,947
Shares issue to employees	24 October 2013	229,891	\$0.20	46
Shares issue to employees	24 October 2013	<u>115,556</u>	\$0.23	<u>26</u>
Balance	31 December 2013	<u>194,864,828</u>		<u>52,019</u>

**Note 8. Equity - dividends**

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

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2013**

**Note 9. Fair value measurement**

The consolidated entity's fair values of financial instruments are categorised by the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

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.

The consolidated entity measures its available-for-sale financial assets at fair value. These have been classified as level 1.

**Note 10. Contingent liabilities**

The consolidated entity has given bank guarantees as at 31 December 2013 of \$1,180,000 (30 June 2013: \$1,180,000).

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 based on third party (clients' accountant) advice. This was prior to Calliva being acquired by the consolidated entity. The client has indicated their loss is up to \$186,000 and has made a formal claim. Management is corresponding with the client and expects the amount to be paid, if any, to be substantially less than the claim. As the amount to be incurred, if any, is still uncertain and the timing of any outflow is not yet clear, management has not recognised a provision in relation to this claim.

**Note 11. Related party transactions**

*Parent entity*

Yellow Brick Road Holdings Limited is the parent entity.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2013**

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

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services:		
Sales to TZ Limited (director-related entity of Mark Bouris) - Accounting and secretarial services	219,688	236,920
Sales to TZ Limited (director-related entity of Mark Bouris) - Marketing services	60,000	72,500
Sales to TZ Limited (director-related entity of Mark Bouris) - Insurance services	275	125
Sales to TZ Limited (director-related entity of Mark Bouris) - Administration services	21,686	21,686
Sales to parties related to Adrian Bouris for insurance services	1,323	1,563
Sales to State Capital Property Ltd (director-related entity of Mark Bouris) - Insurance services	11,499	11,361
Sales to Macquarie Bank for administration and brokerage services	2,150,210	-
Payment for goods and services:		
Purchases of services from Chifley Travel (director-related entity of Adrian Bouris)	11,023	12,828
Purchases of services from BBB Capital Pty Limited (director-related entity of Adrian Bouris)	-	100,000
Payment for consultancy services from Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris)	375,000	375,000
Sponsor fee to the Nine Entertainment Group (shareholder-related entity) (refer Note 1 below)	441,667	441,667
Contra advertising expense to the Nine Entertainment Group (shareholder-related entity) (refer Note 1 below)	592,192	665,692
Reimbursement of rent incurred on behalf of the Company from State Capital Property Ltd (director-related entity of Mark Bouris)	60,000	-
Payment for other expenses:		
Share-based payment expense to the Nine Entertainment Group (shareholder-related party)	97,044	98,306

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2013**

**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 2013</b>	<b>30 Jun 2013</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Trade receivables from TZ Limited (director-related entity of Mark Bouris)	42,272	66,868
Trade receivables from Mark Bouris for insurance services	-	27,984
Trade receivables from State Capital Property Ltd (director-related entity of Mark Bouris)	30,855	24,599
Prepayment from the Nine Entertainment Group (shareholder-related entity) (refer Note 1 below)	2,941,667	3,383,333
Commissions from Macquarie Bank	944,294	401,909
Non-current receivables:		
Prepayment from the Nine Entertainment Group (shareholder-related entity) (refer Note 1 below)	1,671,055	2,263,248
Commissions from Macquarie Bank	3,558,540	2,035,239
Current payables:		
Corporate and legal services payable to BBB Capital Pty Ltd (director-related entity of Adrian Bouris)	-	100,000
Consultancy services payable to Golden Wealth Holdings Pty Ltd (director-related entity of Mark Bouris)	62,500	62,500
Rental reimbursement expenses payable to State Capital Property Ltd (director-related entity of Mark Bouris)	66,000	119,662

*Note 1:*

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 \$592,192 was used during the period ended 31 December 2013, leaving an unused balance (prepayment) as at 31 December 2013 of \$4,171,055.

In 2012 the consolidated entity paid Nine \$2,650,000 to sponsor the Apprentice television series for 3 years. \$883,333 is expensed each year. The unused balance (prepayment) as at 31 December 2013 was \$441,667.

*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 2013</b>	<b>30 Jun 2013</b>
	<b>\$</b>	<b>\$</b>
Non-current receivables:		
Loan to YBR Funds Management Pty Ltd	93,178	121,329

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates. The loan to YBR Funds Management Pty Ltd is provided interest free. The company owns 50% of this joint venture entity.

**Yellow Brick Road Holdings Limited**  
**Notes to the financial statements**  
**31 December 2013**

**Note 12. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2013 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 13. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax attributable to the owners of Yellow Brick Road Holdings Limited	<u>(3,571)</u>	<u>(3,721)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>194,648,924</u>	<u>163,779,862</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>194,648,924</u>	<u>163,779,862</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.83)	(2.27)
Diluted earnings per share	(1.83)	(2.27)

As at 31 December 2013 there were 8,564,903 options over ordinary shares in issue. These options were anti-dilutive.




**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 2013 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)(a) of the Corporations Act 2001.

On behalf of the directors



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Mark Bouris  
Executive Chairman

27 February 2014  
Sydney

Grant Thornton Audit Pty Ltd  
ACN 130 913 594

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

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

We have reviewed the accompanying half-year financial report of Yellow Brick Road Holdings Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company 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 Yellow Brick Road Holdings Limited 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the 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 Yellow Brick Road Holdings Limited consolidated entity's financial position as at 31 December 2013 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.

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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.

**Independence**

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

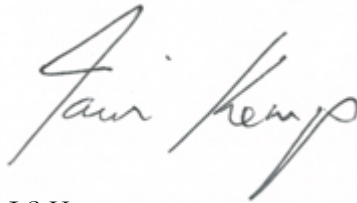
**Conclusion**

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 2013 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



I S Kemp  
Partner - Audit & Assurance

Sydney, 27 February 2014

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