



24 February 2016

Attention: Company Announcements
 ASX Limited

By E-Lodgment

AWI BUSINESS UPDATE – QUARTER ENDING 31 December 2015

This is a summary of the financial performance, and performance against key metrics, of the group for the quarter to 31 December 2015.

Reviewed Consolidated Accounts for Q2 FY2016

We present below our reviewed financial results with prior year comparisons shown on a consolidated basis to assist in understanding our underlying performance:

FY2016 FINANCIAL PERFORMANCE*	FY15 Second Quarter	FY15 Half Year	FY16 Second Quarter	FY16 Half Year
	(to 31 Dec 2014)	(to 31 Dec 2015)	(to 31 Dec 2015)	(to 31 Dec 2015)
Commissions & Subscriptions	2,804,909	5,851,210	2,819,013	5,767,474
Consulting Fees Δ	153,750	307,500	-	40,000
Other Income Θ	129,725	242,998	76,984	124,126
Total Income	3,088,384	6,401,708	2,895,997	5,931,600
Rebates Paid	-648,074	-1,251,502	-506,145	-995,259
Employee Costs	-1,427,370	-2,795,271	-1,115,479	-2,254,614
Other Expenses \S	-916,882	-1,967,694	-768,925	-1,531,769
Total Operating Expenses	-2,992,326	-6,014,467	-2,390,549	-4,781,642
Operating PBTA	96,058	387,241	505,448	1,149,958
<i>Less Employee benefit expense\circ</i>	-63,743	-63,743	-308,336	-308,336
PBTA	32,315	323,498	197,112	841,622
<i>Less amortisation expense</i>	-	-	-	-562,300
<i>Less tax (expense)/benefit</i>	-	-	-	-69,255
Reported NPAT*				210,067
Cash at Bank (end of period)	5,736,919	5,736,919	3,530,848	3,530,848

*This table has been prepared by management and is unaudited. 2015 results are based on reviewed consolidated accounts and will be different from reported NPAT due to investment accounting for 1H FY2015. They exclude losses made on investments.

Δ Consulting fees in 2015 include fees from AWI Funds and Forager contracts that have now been cancelled.

Θ Other Income includes revenue from AWI Ventures (now sidelined) and from interest earned on cash-at-bank.

\S Other Expenses includes Webabout termination of \$800,000 bought to account in full year FY15 and excludes tax and amortisation of intangibles in YTD FY16.

\circ Employee benefit expense is calculated on employee options on issue using options valuation methodologies

Commentary on financial performance

Management is very pleased to release their results showing an increase in operating profits from \$387,241 in H1 FY15 to \$1,149,958 in H1 FY16. Our latest result shows a significantly reduced cost base with flat revenue in a period of deteriorating market conditions which has caused a number of headwinds in both commission revenues generated from our \$1.6b of funds under administration and lower subscription growth than expected for our investment newsletters.

It is also important to note that H1 FY15 included \$307,500 of Consulting Fees and \$181,000 of Other Income from AWI Funds, AWI Ventures and Forager marketing contract that have now been closed down.

The amortisation expense relates to the intangibles assets identified as a result of consolidating the business during FY 2015. The employee benefit expense relates to amortised costs of the Long Term Incentive Plan shares issued to the Chairman and certain employees, as disclosed in the FY2015 Annual Report.

After a period of consolidation and cost reduction, management continues to run a lean business with its main focus on growing revenues from subscriptions and funds under management.

Core product performance metrics and commentary

Performance in our key metrics for the December 2015 quarter was as follows:

Overall Business Metrics

FINANCIAL METRICS – FY15	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16
	(to 31 Dec 2014)	(to 31 Mar 2015)	(to 30 June 2015)	(to 30 Sept 2015)	(to 31 Dec 2015)
Unique visitors	566,000	608,000	553,441	488,210	446,271
Customers*	28,620	27,893	27,382	27,067	27,595
ARPC (\$) **	\$ 400	\$ 448	\$ 445	\$ 449	\$409

*Commission generating customers are an estimate due to fund managers reporting clients and/or reporting accounts

**Average annualised gross revenue per customer per annum (ARPC)

After consolidation and deduping multiple clients over the past several months, it is pleasing to see our customer numbers growing again even against the backdrop of deteriorating global markets.

Cross marketing initiatives to our collective 300,000+ members across our different databases is enabling us to grow customers cost effectively. Our ability to cross pollenate our existing members with different product offerings and at different price points is one of our key competitive advantages.

Average revenue per customer (ARPC) has fallen for the quarter as a result of price point testing with new subscribers for Intelligent Investor. We expect ARPC to stabilise around this level.

As discussed previously, concentrating on converting existing non-paying members to paying members and more targeted marketing has resulted in lower traffic to the websites.

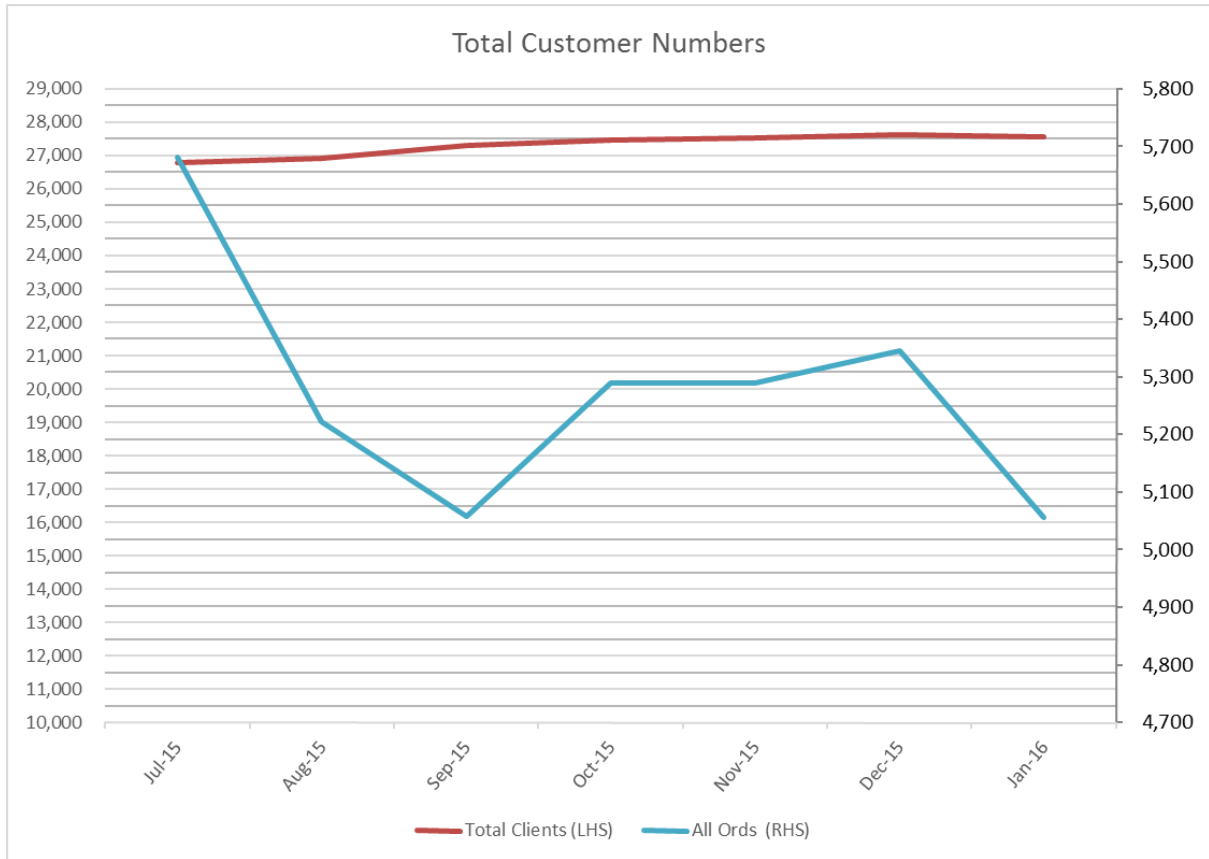
Business Improvement

Our core strategy to convert existing nonpaying members to customers is fundamental and based purely on better member engagement and communication with the following ongoing initiatives:

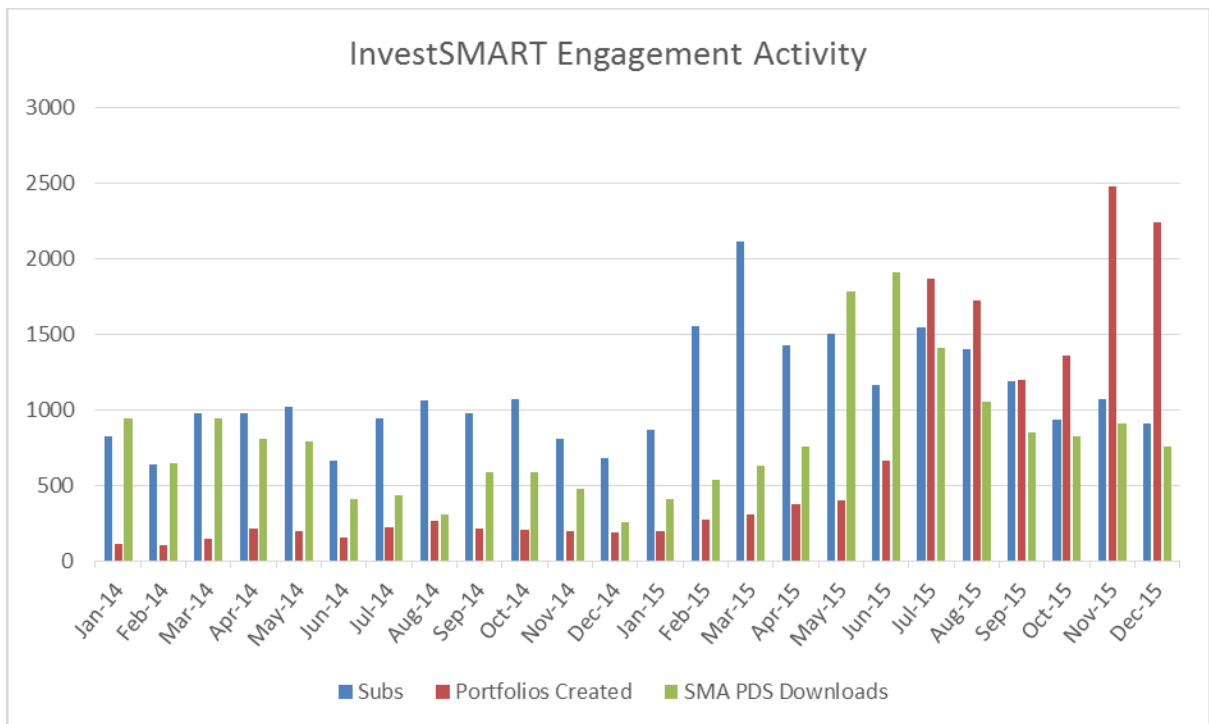
1. Disparate customer databases across our various brands have now been consolidated under our marketing cloud software leading to better customer journeys for members and cross promotion. The ongoing optimisation of member communication is a core focus for our marketing team.
2. Improvements to our websites including investor tools and research is ongoing with more than 10 dedicated analysts and asset allocation experts and a team of 8 IT developers
3. Launching more targeted products such as our Intelligent Investor Separately Managed Accounts plus two new InvestSMART portfolios which are starting to gain traction.

Our initiatives to date are delivering tangible results

Total customer numbers growing from July 2015 despite market turmoil.



Engagement activity across our major metrics including free subscriptions (Subs), members tracking their investment portfolios through our proprietary software and downloads of SMA PDSs have all dramatically increased over the past few months. These leads will convert overtime as investor sentiment picks up and as our members built up trust in our products and services.



For further information or comment, please contact myself or Ron Hodge, Managing Director and CEO, at AWI on 02 8305 6000

A handwritten signature in black ink, appearing to read 'Paul Clitheroe', with a stylized, cursive script.

Paul Clitheroe
Chairman