18 October 2016

Attention: Company Announcements
ASX Limited

By E-Lodgment

InvestSMART Business Update – Quarter Ending 30 September 2016

This is a summary of the financial performance, and performance against key metrics, of your company for the quarter to 30 September 2016.

Unaudited Consolidated Accounts for Q1 FY2017

We present below our unaudited financial results on a consolidated basis to assist in understanding our underlying performance:

FY2017 FINANCIAL PERFORMANCE*	FY16 Q1	FY16 FY	FY17 Q1	FY17 YTD
	(to Sept 2015)	(to June 2016)	(to Sept 2016)	(to Sept 2016)
Commissions income	2,177,404	7,907,634	1,972,964	1,972,964
Subscription income	771,057	4,207,421	1,801,119	1,801,119
Consulting FeesΔ	40,000	40,414	-	-
Other Income ʘ	47,142	247,986	19,970	19,970
Total Income	**3,035,603**	**12,403,455**	**3,794,053**	**3,794,053**
Rebates Paid	-489,114	-1,862,126	-538,244	-538,244
Employee Costs	-1,139,135	-4,830,356	-1,586,388	-1,586,388
Other Expenses§	-762,844	-3,303,894	-938,773	-938,773
Total Operating Expenses	**-2,391,093**	**-9,996,376**	**-3,063,405**	**-3,063,405**
Operating Profit Before Tax, Amortisation and EBE	**644,510**	**2,407,079**	**730,648**	**730,648**
Cash at Bank (end of period)	**3,840,424**	**4,986,827**	**5,111,884**	**5,111,884**

*Annual results are audited and quarterly results have been prepared by management and are unaudited.
Δ Consulting fees in 2016 include fees from Forager contract that was cancelled.
ʘ Other Income includes interest earned on cash-at-bank.
§Other Expenses excludes tax, LTIP costs and amortisation of intangibles.

Commentary on financial performance for Q1 FY2017

Management is pleased to release their quarterly results showing revenue has grown by 28% quarter on quarter over the past 12months and operating profit has increased by 13% from $644,510 in Q1 FY16 to $730,648 in Q1 FY17.

Commissions

Revenue resulting from funds under administration was down QTR on QTR due to timing related issues and some clients switching to non-trail products following recent market downturn.

Subscriptions

Revenues from subscriptions in Q1 FY 2017 include Eureka Report and organic growth in Intelligent Investor subscriptions.

Rebates Paid

Commissions rebated to members as part of our cashback services were lower in Q1 FY2016 due to lower commissions received.

Employee costs and other operating Expenses

Employee costs and other operating expenses include 3 months of Eureka expenses versus Q1 FY2016. Q1 FY2017 includes redundancy expenses of $93,000 for some Eureka staff. These costs are not expected to be repeated in subsequent quarters.

Core product performance metrics and commentary Q1 FY2017

Performance in our key metrics for the September 2016 quarter was as follows:

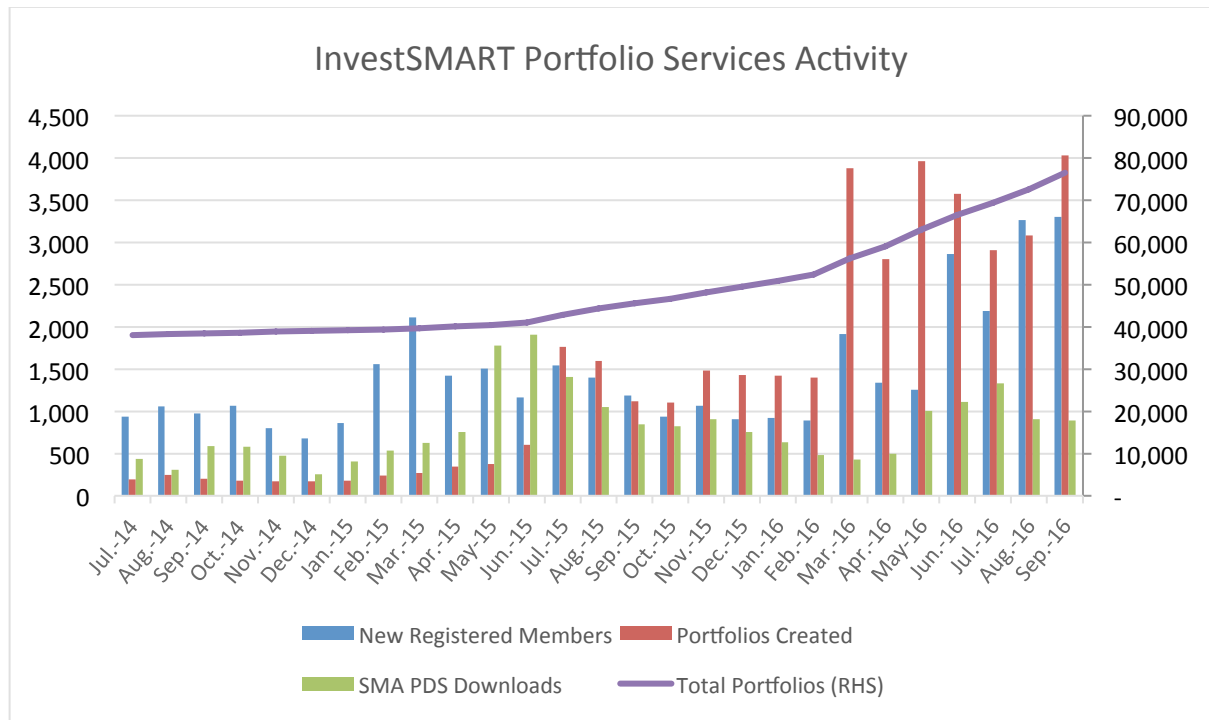|	Q2 FY2016	Q3 FY2016	Q4 FY2016	Q1 FY2017
	(to 31 Dec 2015)	(to 31 March 2016)	(to 30 June 2016)	(to 30 Sept 2016)
Unique visitors	446,271	567,926	807,713	861,076
Customers*	27,595	27,896	38,543	38,759
ARPC ($)**	$409	$386	$371	$389

*Strong member growth and addition of Eureka Report resulted in large increases in customers in Q4 FY16
**Average annualised gross revenue per customer per annum (ARPC)

Unique visitors to our websites continue to grow as we improve our member services across the board, integrate systems and improve search engine marketing. Paying customers have remained stable quarter on quarter with marginal increase in average revenue per customer (ARPC). We remained focused on converting existing non-paying members to paying members and more targeted marketing to our 700,000 registered members.

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InvestSMART Group Limited

Our automated investment advice initiatives continue to deliver results

Activity across our automated investment advice tools have markedly increased over the quarter to September 2016 in particular with the free portfolio manager. We expect engagement with the portfolio manager will convert registered members to paying clients over time.

InvestSMART Portfolio Services Activity

Legend:
- New Registered Members (blue)
- Portfolios Created (red)
- SMA PDS Downloads (green)
- Total Portfolios (RHS) (purple line)

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

Paul Clitheroe AM
Chairman

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