

ASX Announcement

ASX Code: AEF

Date: 31 August 2007

AEI full year results

Australian Ethical is pleased to announce that the Australian Ethical group (Australian Ethical Investment Ltd and its wholly owned subsidiary, Australian Ethical Superannuation Pty Ltd) has recorded a consolidated net profit after income tax expense for the year ending 30 June 2007 of \$1,819,177.

This trading result represents a 34% increase over the previous financial year's net profit of \$1,362,612. Over the year-to-date, Australian Ethical experienced a growth in funds under management and consequent increase in revenue. As at 30 June 2007, funds under management were \$552M (ex. distribution). This compares with funds under management as at 30 June 2006 of \$417M (ex. distribution). The distribution amount for the current period was \$59M, compared to a distribution the previous year of \$41M.

Funds under management now stand in excess of \$590M.

Rewarding shareholders

The directors have declared that a final dividend of \$1.52 per ordinary share (fully franked) be paid to shareholders. This is in addition to the interim dividend of 40 cents per ordinary share paid in March 2007. The total dividend for the year will be \$1.92 per share, an increase of 126% over the 85 cents per ordinary share paid in respect of the previous financial year.

The final dividend will be paid as follows:

<u>Code</u>	<u>Div Amount per share</u>	<u>Ex Div Date</u>	<u>Record Date</u>	<u>Date Payable</u>	<u>% Franked</u>	<u>Type</u>
AEF	\$1.52	24/9/2007	28/9/2007	5/10/2006	100%	Final

The Board notes that the declaration and quantum of any future dividend will depend on the company's ongoing performance and capital requirements. In particular, no inference should be drawn about the quantum of any future dividend based on the quantum of 2006-07 dividend, or on the dividend payout ratio for the 2006-07 year.

Dividend reinvestment plan

At the 2005 Annual General Meeting, shareholders approved the rules of the Australian Ethical Dividend Re-Investment Plan ('DRP').

The Board has activated the DRP and decided that the DRP will apply to this year's final dividend.

Under the rules of the plan, the share price at which shares will be issued under the DRP will be the weighted averaged market price of the ordinary shares sold on the Australian Securities Exchange during the ten days of trading prior to and inclusive of the record date, subject to a minimum price of \$45 per share.

If you wish to reinvest your dividends your notice of election needs to be received by **Registries Ltd before 5.00pm on 28 September 2007**. Letters will be sent to shareholders in the first week of September which will include blank election notices for completion and return by those shareholders interested in participating in the DRP.

The rules for the dividend reinvestment plan are available from our website on the following URL:

http://www.austethical.com.au/company_information/dividend_reinvestment_plan

Giving back to the Community

The trading result of \$1,819,177 is net of a provision for payment of part of the company's profits to community groups. The constitution of Australian Ethical requires ten percent of its annual profits to be donated to conservation, benevolent and charity organisations.

The total amount expected to be paid in 2007 is \$224,964. This will be the largest grant ever made by Australian Ethical, and means that Australian Ethical has donated over \$600,000 back into the community over the last decade. Australian Ethical is extremely proud of its record of community grants.

Company Background

Australian Ethical Investment Ltd is a funds manager that specialises exclusively in ethical funds management. It offers managed investment schemes and corresponding superannuation strategies (for accumulation and pension accounts). The Australian Ethical Charter is the foundation of the investment process. It aims to avoid harmful investments and actively seeks investments that benefit society and the environment. Uniquely, the company's constitution requires that 10% of profit is donated to charitable and conservation initiatives.