

ASX Code: AEF  
Date: 18 June 2010

## **Amendment of results for previous periods and full year profit expectation**

### ***Amendment of results for previous periods***

Australian Ethical Investment Limited has become aware of systems errors in calculating the administration and management fee which it has charged to the Australian Ethical managed funds. The company needs to reimburse the Australian Ethical managed funds for the amount of the administration and management fees that were overcharged. The errors mean that profit results previously published for the 2008/09 year and for the half-year ended 31 December 2009 were overstated.

The amount of the overstatement of the profit results for those periods is as follows:

- 2008/09 full year results – overstated by \$93,000 (previously published profit result was \$1,202,752)
- 31 December 2009 half year results – overstated by \$90,000 (previously published profit result was \$712,688)

The amounts in error will be reimbursed to the Australian Ethical managed funds and reflected in the company's results for 2009/10.

The company is currently migrating to a new valuation and unit pricing system with the aim of enhancing audit controls over the calculation of administration and management fees.

### ***Full year profit expectation***

The company advises that profit for the full year is expected to be approximately 20 – 25% lower than the result for the previous year (so approximately \$930,000).

The profit expectation is based on unaudited management accounts to end May 2010 and on estimates for the June 2010 month.

In addition to the rectification relating to the prior year as described above, the 2009/10 profit has also been impacted by several redundancies and retirements during the year, which involved long term employees. The one-off costs associated with these staff movements were \$337,000.

At 30 June 2009, funds under management were \$535M (ex distributions). At end of May 2010, funds under management stood at \$612M (cum distribution). The company has achieved positive funds flow through the year to date.

The company will announce full year audited results in late August 2010.

End/.

### ***Company Background***

Australian Ethical 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.