

ASX Code: AEF

24 February 2014

Australian Ethical Investment Limited

Results for the half-year ended 31 December 2013

Australian Ethical today announced its half-year results for the period ended 31 December 2013.

Financial Highlights were (all comparisons to half-year ended 31 December 2012):

- Net profit after tax (NPAT) was \$1,215,753 (up 150%);
- Underlying profit after tax (UPAT) was \$1,422,906 (up 170%);
- Revenues were \$9,744,995 (up 25.9%);
- Operating expenses were \$7,384,888 (up 6.6%).

Operating highlights were:

- Record \$801.7m in group funds under management (up 13.3%);
- Net inflows of \$33.5m (prior period experienced net outflow of \$3.2m);
- Granted MySuper product authorisation by APRA;
- Certified as a B Corporation;
- New client numbers for the period were 1,049 an increase of 5.3%;
- New Fixed Interest Trust launched.

“These results reflect the tremendous efforts our people have put in over the past few years, repositioning the business for long term sustainability and success. Our net flows are strong, new client numbers are almost triple what they were a few years ago and our costs are being kept under control,” said Phil Vernon, Managing Director of Australian Ethical Investment.

Notes on key points

- Revenues were up due to improved market conditions and positive net inflows.
- Operating expenses exclude redundancy costs due to a substantial reduction in operations in Canberra during the period and tax.
- Net flows have improved across both superannuation and managed funds as a result of investment performance, improved brand awareness and successful marketing programs.
- We have recently earned certification as a registered B Corporation, being the first listed company in Australia to be certified and one of only a handful globally. B Corporations are a growing global movement dedicated to using the power of business to solve social and environmental problems. Certification is evidence of meeting high standards of social and environmental performance.
- From September 2013 we were approved by APRA to offer a MySuper product. This authorisation allows us to accept employer super contributions where the employee has not made a choice of funds.
- In December we launched our ethical Fixed Interest Trust, a longer duration fund which is the only fund of its type in the market.

Underlying Profit

Underlying profit is provided to assist shareholders in understanding the Company's performance. Underlying profit excludes certain items, as determined by the Board and management, that are either significant by virtue of their size and impact on NPAT, or are deemed to be outside normal operating activities.

The reconciliation of NPAT to UPAT for the six months to 31 December 2013 is as follows:

	Six months to 31 December 2013 \$	Six months to 31 December 2012 \$
NPAT	1,215,753	487,115
<i>Adjustments (gross)</i>		
Add: Employment restructure expenses	295,933	
Add: Legal costs for shareholder actions		56,363
Tax on adjustments	(88,780)	(16,909)
UPAT	1,422,906	526,569

This table has been prepared in accordance with the Australian Institute of Company Directors (AICD)/Finsia principles for reporting underlying profit and ASIC's Regulatory Guide 230 Disclosing non-IFRS financial information. UPAT has not been reviewed or audited by our external auditors; however the adjustments to net profit have been extracted from the books and records that have been reviewed.

End/.