



Australian Ethical[®] Investment

for Investors, Society and the Environment

ASX Announcement

ASX Code: AEF

Date: 1 August 2007

Full year profit expectation

On 20 June 2007 Australian Ethical Investment Limited (AEI) advised the market that profit for the year to 30 June 2007 was expected to be approximately 10% to 25% above that recorded for the previous corresponding period. This expectation was based on unaudited management accounts to end May 2007 and on management estimates for the June 2007 month.

Management accounts for June 2007 have now firmed and AEI's expectation is that profit for the year to 30 June 2007 will be approximately \$1.8M, or approximately 33% above that recorded for the previous corresponding period (2006:\$1.36M). This expectation is based on unaudited and draft management accounts to end June 2007.

The increase in profit expectation results from significantly increased inflows into the Australian Ethical Retail Superannuation Fund in mid to late June 2007 and resultant increases in fee income for the Australian Ethical group. The June 2007 inflow for the Australian Ethical Retail Superannuation Fund was over five times the average monthly inflow experienced for the 11 months to May 2007.

End/.

Company Background

Australian Ethical Investment Ltd is a funds manager that specialises exclusively in ethical funds management. It offers five 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.

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