

ASX Code: AEF

13 June 2012

EARNINGS GUIDANCE

Australian Ethical Investment Limited advises that Net Profit After Tax (NPAT) for the year ending 30 June 2012 (before adjustments for property impairment – see below) is expected to be approximately \$0.55m. This compares to the adjusted NPAT for the full year to 30 June 2011 of \$1.13m¹.

The main contributors to the difference are lower revenues due to weaker market values, lower net inflows and one off property income in the previous financial year of \$0.65m.

Expenses in the current year have decreased primarily due to a business restructuring which has reduced operating costs. Total expenses in the current year included \$0.32m in redundancy costs associated with this restructuring. The benefit of these lower costs has not been fully realised in this financial year.

This profit expectation is based on unaudited management accounts to the end of May 2012. More information will be provided in the announcement of the full year results in late August 2012.

The company owned property in Bruce, ACT² is being independently re-valued as at 30 June 2012 as part of the three year valuation cycle in accordance with the company's valuation policy. Indications are that an impairment charge of between \$0.30m and \$0.60m may be required in the weakened property market for secondary commercial properties in Canberra. Any impairment charge would be a non-cash, non-recurring charge to profit.

Notes

1. Previously reported profit for the financial year ended 30 June 2011 was \$1.28m. This was overstated by \$0.16m due to an error in the timing of recognition of employee share amortisation expenses, as explained in the half yearly results announcement in February 2012. The comparative figure at 30 June 2011 above is the adjusted net profit after tax after taking the error into account.
2. Block E, Trevor Pearcey House is located in Bruce, ACT and is the property in which Australian Ethical operates its business in Canberra. It was purchased in 2006 and refurbished throughout 2007 in order to achieve a 6 star rating under the Green Building Council Green Star program.

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