

ASX Code: AEF

29 August 2014

Australian Ethical Investment Limited

Results for the Year ended 30 June 2014

Australian Ethical today announced its annual results for the year ending 30 June 2014.

Financial Highlights were (all comparisons are to the 12 months ending 30 June 2013):

- Record net profit after tax (NPAT) of \$2.543 million (up 139%);
- Record underlying profit after tax (UPAT) of \$3.111 million (up 86%);
- Record community grant of \$0.302 million (\$1.75 million in total since 2000);
- Record revenues of \$19.9 million (up 21%);
- Full year ordinary dividend of \$2.00 per share, fully franked;
- Operating expenses were \$13.5 million (up 4%).

Operating highlights were:

- Record \$887m in group funds under management (up 25%);
- Record net inflows of \$92m (prior period experienced net inflow of \$1m);
- Record client numbers with superannuation membership growing by 19%;
- Record monthly client intake averaging 400 per month (up from 160 per month);
- Granted MySuper product authorisation by APRA;
- Certified as a B Corporation;
- Launched Australia's first retail ethical fixed interest fund.

"The past year has been an extremely successful one with every aspect of the business performing above expectations" said Phil Vernon, Managing Director of Australian Ethical Investment. "Our new client intake and net fund inflows are well above our forecasts and industry averages, our investment performance has beaten mainstream benchmarks, our people are highly engaged and we continue to improve the efficiency of our operations"

"As a result we are at almost \$1 billion in funds under management, our profit is strong and our share price has doubled in the past 12 months. These results are a culmination of the strategy and direction the Company has taken over the past few years as we have repositioned key elements of the business for long term sustainability and success."

The Board has determined to pay a fully franked final dividend of 120 cents per share, taking 2013/14 fully franked dividend to 200 cents per share, up 135% on last year.

Notes on key points

- Funds under management are up due to positive net inflows (\$92 million) and improved market conditions (contributing \$88 million).
- Operating expenses include redundancy costs (\$0.4 million) due to a substantial reduction in operations in Canberra during the period.
- Net flows have improved across both superannuation and managed funds as a result of investment performance, improved brand awareness and successful marketing programs.

- During the year we earned certification as a B Corporation, being the first listed company in Australia to be certified and one of only a few listed companies worldwide. 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 continue accepting 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 Australian market.

Financial Results

	12 months to 30 June 2014 \$'000	12 months to 30 June 2013 \$'000	Change
Revenue	19,889	16,378	21%
Operating Expenses	13,546	13,006	-4%
Tax, community grants and other non-operating expenses	3,800	2,309	-64%
Net Profit After Tax (NPAT)	2,543	1,063	139%
Underlying Profit After Tax (UPAT)	3,111	1,675	86%
Dividend (fully franked) – cents per share			
Interim	80	40	
Final	120	45	
Total Dividend	200	85	135%

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 12 months to 30 June 2014 is as follows:

	12 months to 30 June 2014 \$'000	12 months to 30 June 2013 \$'000	Change
NPAT	2,543	1,063	139%
<i>Adjustments (gross)</i>			
Add: Employment restructure expenses	409		
Add: Property revaluation	282	436	
Add: Legal costs for shareholder actions		85	
Add: Revaluation of listed securities		117	
Tax on adjustments	(122)	(26)	
UPAT	3,111	1,675	86%

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.

Funds under Management (FUM)

	12 months to 30 June 2014	12 months to 30 June 2013	Change
	\$m	\$m	
Opening FUM	707.6	626.6	13%
Super net flows	77.6	18.1	330%
Managed Fund net flows	14.0	(16.7)	n/a
Total Net Flows	91.6	1.3	n/a
Market Movements	88.1	79.7	
Closing FUM	887.2	707.6	25%

Annual General Meeting

Shareholders are advised that the Annual General Meeting will be held on Wednesday, 29 October 2014 at 10 am at the Hyatt Hotel Canberra in Yarralumla.

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