ASX Announcement

Perpetual delivers $34.7m UPAT, commits to accelerated progress

- Expense initiatives and lower equity-based remuneration offset impact of declining investment markets on revenues, delivering 1H12 UPAT of $34.7m
- 1H12 statutory NPAT of $22.9m reflects restructuring expenses
- Board declares fully franked FY12 interim dividend of 50 cents per share

23 February 2012

Perpetual Limited (Perpetual) today announced a statutory Net Profit After Tax[1] (NPAT) of $22.9 million for the six months to 31 December 2011 (1H12). The result includes a $10.2 million after tax expense related to the closure of the Group's Dublin global equities manufacturing capability and the restructuring of the retail distribution and marketing functions, and a $2.2 million after tax loss on market-linked investments.

Excluding these significant items and a $0.6 million gain on the disposal of the smartsuper business, Underlying Profit After Tax[1] (UPAT) was $34.7 million. UPAT was down 15% on 1H11, but up 9% on 2H11. The improvement in UPAT on 2H11 reflects the positive impact of recent initiatives to reduce costs and exit non-performing, non-core business activities. A lower equity-based remuneration expense also benefited UPAT and helped offset the impact on revenues of declining investment markets. Reported statutory NPAT and UPAT confirm the expected figures announced to the market by Perpetual on 15 February 2012.

For the six month period ended *(All figures $m, subject to rounding)*	*1H11*	*2H11*	*1H12*
Underlying Profit After Tax attributable to equity holders of Perpetual Limited[2]	**41.0**	**31.9**	**34.7**
Restructuring expenses (after tax)	-	(6.4)	(10.2)
Profit/(Loss) on disposal and impairment of investments (after tax)	1.6	1.9	(2.2)
Gain on disposal of smartsuper business (after tax)	-	-	0.6
Exact Market Cash Fund (EMCF) gains (after tax)[3]	6.0	3.8	-
Private equity proposal response costs (after tax)	(3.0)	(0.1)	-
Impairment of intangible assets (after tax)	(10.6)	(4.1)	-
Statutory Net Profit After Tax attributable to equity holders of Perpetual Limited	**35.0**	**27.0**	**22.9**

Cost reduction and efficiency projects continue

In commenting on the results, Perpetual's CEO and Managing Director Geoff Lloyd indicated that refinement of the growth strategy across the Group, cost reduction, and reinvigoration of sales and distribution were the three key priorities for his management team.

Perpetual Limited
ABN 86 000 431 827

Angel Place, Level 12, 123 Pitt Street
Sydney NSW 2000, Australia
GPO Box 4172, Sydney NSW 2001, Australia

Tel +612 9229 9000
Fax +612 8256 1494
investor.relations@perpetual.com.au

"I have formed a dedicated internal team to identify further meaningful cost reductions across our business units, commencing immediately. An international consulting firm has been appointed to provide this team with access to global expertise in the area of cost reduction and we expect to start implementing the outcomes of the cost review before the end of this reporting period." Mr Lloyd said.

As flagged in November 2011, Perpetual commenced a formal evaluation of all existing IT arrangements with the objective to optimise operations and deliver superior value IT services. As a result of the review, Perpetual will now issue Requests For Proposals (RFPs) for outsourcing arrangements. The scope of the RFPs includes consolidation of activities currently conducted both within Perpetual and externally by about 100 existing infrastructure and application vendors. Perpetual plans to complete decisions on outsourcing providers by mid calendar 2012.

Dividend

The Board of Perpetual has declared a FY12 interim fully franked dividend of 50 cents per share, compared to 95 and 90 cents per share fully franked declared in 1H11 and 2H11 respectively. The reduction in the FY12 interim dividend largely reflects the decline in the Group's NPAT. In addition, in FY11, the Board excluded the impact of a number of charges on NPAT in determining dividends. Excluding these charges, the FY11 dividend payout ratio was around 96%. The FY12 interim dividend of 50 cents per share equates to a payout ratio of around 93%, in line with the Group's stated policy to pay dividends within a range of 80%-100% of statutory NPAT on an annualised basis.

Financial Position

During 1H12, the Group completed a $70 million off-market share buy-back, in line with its commitment to more actively manage its capital. As a result, holdings of cash, cash equivalents and liquid investments declined from $274.0 million at the end of FY11 to $165.4 million. Net tangible assets per share were $2.91 at the end of 1H12, compared to $4.50 at the end of FY11, and the number of shares on issue was reduced by 3.3 million, or 7.5% of issued capital, both as a result of the buy-back. With $138 million of available liquid funds against $124 million of total economic capital requirements, the Group's financial strength has been maintained.

Business Unit Overview

1. Perpetual Investments

Almost all of Perpetual Investments' funds continue to outperform against benchmarks, helping them capture a major share of the industry gross inflows, albeit limited due to the challenging operating environment.

Perpetual Investments experienced net outflows of $3.0 billion during 1H12, with funds under management (FUM) at $22.9 billion at the end of the period. The majority of outflows were in lower margin channels and products.

CEO Geoff Lloyd said significant progress had been made on tackling some of the issues that were holding back the business' ability to attract flows in this difficult environment. "We created a new investment product distribution function to focus on key clients and decision makers in the retail funds market.

"The new structure, which was completed earlier this week, includes a Strategic Accounts division servicing the largest advice businesses and platforms, an Adviser Distribution team supporting the wider financial planning community, and a Research and Operations team, which will focus on optimising research house ratings, promote the inclusion of Perpetual funds in model portfolios, and deliver sales and client insight support to the distribution teams," he said.

The business' focus on improved overall performance helped to lower total expenses by $15.6 million on 2H11. This supported an increase in profit before tax (PBT) of $2.5 million or 7% on 2H11, to $37.7 million.

Perpetual Investments continues to add talent and expertise to both its equities and fixed income & multi-sector teams to support the development of new capabilities.

“The Global Resources team recently secured a sub-advisory mandate from an offshore institution. We will continue to take a pragmatic approach to opportunities internationally where we see demand for our manufacturing capability,” Mr Lloyd noted.

2. Private Wealth

Average 1H12 funds under advice (FUA), at $8.2 billion, was 7% lower than in 2H11, reflecting the decline in investment markets and reduced gross inflows. The business continued to have good non-market related revenue contributions, reflecting its broad range of service offerings, although seasonal factors depressed revenue from tax and accounting services. Operating expenses in 1H12 were $48.4 million, $0.9 million or 2% lower than in 2H11. 1H12 PBT, at $4.9 million, was $0.7 million or 13% lower than in 2H11, as investment in the business continues.

“We executed the platform agreement with Macquarie and last month received the final regulatory approval for our new Super Wrap product, which we expect to offer late in the second half of this financial year. The business has continued to invest in non-market related service offerings and capabilities to further enhance our holistic offering to key client segments and is now well placed to accelerate its growth once a turnaround in investor sentiment occurs,” Mr Lloyd said.

3. Corporate Trust

While overall funds under administration (FUA) levels were relatively stable at $205.7 billion, the 1H12 profit before tax decreased by 7% or $0.7 million on 2H11, to $9.3 million, reflecting the continued decline in Residential Mortgage Backed Securities (RMBS) margins on the back of a change in client mix, and the absence of fees Trust and Fund Services received in the previous period that are unpredictable in nature. A seasonal pick-up in mortgage activity, benefiting the PLMS business, partially offset these negative influences. Investment and delivery of productivity initiatives helped decrease 1H12 operating expenses on 2H11, to $31.9 million.

“FUA benefited from the establishment of a covered bond market for Australian issuers, with Corporate Trust appointed as trustee by three of the four major banks for their inaugural issues. We are pleased to have been appointed and will continue to look at opportunities in this area,” Mr Lloyd noted.

Accelerating Progress

Concluding his overview of the Group’s performance, Mr Lloyd highlighted Perpetual was not waiting until the market turns to make further progress.

“The challenging global economic conditions have weighed heavily on investment markets during 1H12, with the average All Ords for 1H12 down 11% on the previous period. Clearly, market sentiment has not supported industry fund flows, demand for wealth advice or lending activity; the three main influences on our revenue. However, we can’t rely on an improvement in the external environment to drive improved performance,” Mr Lloyd said.

“The management team has been implementing cost efficiency changes for over a year and a number of these initiatives have made an impact in 1H12. The appointed international consultant will now help us look at how we can further reduce our cost base on a permanent basis. At the same time, we will continue to create growth opportunities by reinvigorating our sales and distribution effort and by refining our strategy across the Group.

“We intend to accelerate these processes and instil a greater sense of urgency across the businesses to drive improved performance. While we remain to an extent dependent on investment market sentiment, I want to make absolutely sure that as a company, we are exerting a strong, positive influence on all the drivers that we do control,” Mr Lloyd concluded.

Notes to this statement:

1: Attributable to equity holders of Perpetual Limited.

2: Underlying Profit After Tax attributable to equity holders of Perpetual Limited excludes certain items, as determined by management, that are either significant by virtue of their size and impact on Net Profit After Tax attributable to equity holders of Perpetual Limited, or are deemed to be outside normal operating activities. Underlying Profit After Tax attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual’s financial results from normal operating activities.

Underlying Profit After Tax attributable to equity holders of Perpetual Limited has been calculated in accordance with the AICD/Finsia principles for reporting underlying profit and ASIC's Regulatory Guide 230 Disclosing non-IFRS financial information. Underlying Profit After Tax attributable to equity holders of Perpetual Limited has not been reviewed by our external auditors, however the adjustments to Net Profit After Tax attributable to equity holders of Perpetual Limited have been extracted from the books and records that have been reviewed.

3: As the majority of the unrealised losses in the EMCF1 were recognised as at the end of FY11, its financial performance will now form part of Underlying Profit After Tax attributable to equity holders of Perpetual Limited.

1H11 refers to the financial reporting period for the six months ended 31 December 2010
2H11 refers to the financial reporting period for the six months ended 30 June 2011
FY11 refers to the financial reporting period for the 12 months ended 30 June 2011
1H12 refers to the financial reporting period for the six months ended 31 December 2011
FY12 refers to the financial reporting period for the 12 months ending 30 June 2012

For further information, please contact:

Investors:
Mike Woods
General Manager Corporate Finance & Affairs
Perpetual Limited

Tel: 02 9229 3449

Media:
Yves Noldus
Senior Manager Corporate Communications
Perpetual Limited

Tel: 02 9229 9893

About Perpetual
Perpetual is an independent financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company, coupled with our strong track record of investment performance, has created our reputation as one of the strongest brands in financial services in Australia. For further information, go to www.perpetual.com.au.

FACT SHEET

Half Year to 31 December 2011

Summary Group results

Period ended	1H11	2H11	1H12	1H11-1H12 change	2H11-1H12 change
Operating revenue ($m)	227.1	221.6	202.4	(11%)	(9%)
UPAT ($m)	41.0	31.9	34.7	(15%)	9%
Significant Items After Tax ($m)	(6.0)	(4.9)	(11.8)		
Statutory NPAT ($m)	35.0	27.0	22.9	(35%)	(15%)
Diluted Earnings per Share on NPAT (cents)	80.1	60.8	53.8	(33%)	(12%)
Diluted Earnings per Share on UPAT (cents)	93.9	71.8	81.5	(13%)	14%
Annualised Return on Equity (%, based on Statutory NPAT)	19.3	14.7	14.2	(510bps)	(50bps)
Annualised Return on Equity (%, based on UPAT)	22.6	17.4	21.6	(100bps)	420bps

- Impact of declining equity markets on revenues offset by reduction in expenses
- NPAT reflects restructuring costs, loss on market-linked investments, and gain on sale of smartsuper
- Off-market share buy-back increases return on equity on prior period

Movement in funds

At end of	1H11	2H11	1H12	1H11-1H12 change	2H11-1H12 change
Perpetual Investments Funds under Management ($b)	27.5	27.2	22.9	(17%)	(16%)
Private Wealth Funds under Advice ($b)	8.8	8.7	8.1	(8%)	(7%)
Corporate Trust Funds under Administration ($b)	209.4	205.8	205.7	(2%)	0%

- Flows continue to be impacted by poor market sentiment as funds industry returns to net outflow
- Corporate Trust FUA supported by RMBS and covered bonds issuance

Business unit performance
Perpetual Investments financial summary

Period ended	1H11	2H11	1H12	1H11-1H12 change	2H11-1H12 change
Revenues ($m)	112.8	112.2	99.1	(12%)	(12%)
Average revenue margin on FUM (bps)	79	77	79	0bps	2bps
Profit Before Tax ($m)	38.1	35.2	37.7	(1%)	7%

- Wellington Management appointed International Share fund manager following closure of Dublin
- New retail distribution function now in place
- Secured offshore sub-advisory role for Global Resources Fund strategy

Excess/(under) investment performance p.a. - gross as at end December 2011									
Period	Industrial Share Fund	Australian Share Fund	Smaller Companies Fund	Concentrated Equity Fund	Global Resources Fund	Diversified Income Fund	Share Plus Fund	Ethical Share Fund	International Share Fund
1 year	+2.13%	+5.90%	+8.91%	+7.92%	+9.85%	+1.59%	+7.63%	+6.72%	+3.27%
3 year	+2.49%	+5.22%	+9.62%	+5.52%	+13.68%	+3.71%	+6.38%	+12.07%	-1.77%
5 year	+2.83%	+3.76%	+7.11%	+4.95%	+9.83%	-0.79%	+5.42%	+4.34%	+1.10%
7 year	+1.59%	+2.52%	+3.63%	+3.14%	N/A	N/A	+2.94%	+3.75%	N/A
10 year	+3.25%	+3.76%	+6.08%	+4.79%	N/A	N/A	N/A	N/A	N/A

Private Wealth financial summary

Period ended	1H11	2H11	1H12	1H11-1H12 change	2H11-1H12 change
Market related revenue ($m)	39.4	39.7	38.4	(3%)	(3%)
Non-market related revenue ($m)	17.5	19.6	18.4	5%	(6%)
Total revenues ($m)	56.9	59.3	56.8	0%	(4%)
Profit Before Tax ($m)	7.7	5.6	4.9	(36%)	(13%)

- Increasing contribution from non-market related revenue
- Significant improvement in client advocacy
- Project ICE (outsourcing of platform administration services) implementation progressing, with delivery of new Super Wrap in late 2H12

Corporate Trust financial summary

Period ended	1H11	2H11	1H12	1H11-1H12 change	2H11-1H12 change
Trust and Fund Services revenue ($m)	26.9	27.6	24.9	(7%)	(10%)
Mortgage Services revenue ($m)	25.4	17.3	17.8	(30%)	3%
Total revenues ($m)	52.3	44.9	42.7	(18%)	(5%)
Profit Before Tax ($m)	15.3	10.0	9.3	(39%)	(7%)
Mortgage matters (‘000s)	131	108	120	(8%)	11%

- Trust & Fund Services: appointed trustee to 3 of 4 major bank covered bonds programs
- Mortgage Services: volume benefits from seasonal pick-up in mortgage activity

Financial strength

At end of	1H11	2H11	1H12	1H11-1H12 change	2H11-1H12 change
Total equity ($m)	372	376	290	(22%)	(23%)
Cash ($m)	175	220	123	(30%)	(44%)
Corporate debt to capital ratio (%)	10.8	10.7	13.4	260bps	270bps
Interest coverage (times)	48	33	48	0	15
Net Tangible Assets per share ($)	4.56	4.50	2.91	(36%)	(35%)

- Financial strength maintained following completion of off-market share buy-back
- Gross corporate debt maintained at $45.0 million - interest coverage well in excess of financial covenant requirements
- Net Tangible Assets per share lower as a consequence of buy-back

FY12 Interim Dividend details

- Interim dividend: 50 cents per share, fully franked
- Payout ratio of 93% in line with stated policy to pay dividends within a range of 80%-100% of statutory NPAT on an annualised basis
- Ex-dividend date: 2 March 2012
- Record date: 8 March 2012
- Dividend payable: 29 March 2012
- DRP[1] operational for FY12 interim dividend, met by issuing shares acquired on-market to participants
- Issue price: Average Market Price during pricing period
- Pricing period: Ten trading days commencing 9 March 2012 and ending 22 March 2012

[1] Further information is contained within the Group’s financial statements for the six months ended 31 December 2011 and the Management’s Discussion and Analysis (available at http://shareholders.perpetual.com.au).