
Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) for the six months ended 31 December 2011

Overview	2
Segment results summary	3
Movements in key revenue drivers.....	4
Operating environment.....	6
Regulatory environment.....	8
Shareholder returns	8
Dividends	9
Review of Businesses	10
Perpetual Investments	10
Private Wealth.....	15
Financial summary	15
Funds under advice (FUA).....	16
Corporate Trust.....	17
Financial summary	17
Funds under administration (FUA).....	18
Group and Support Services	19
Financial summary	19
Consolidated Group	19
Group expenses.....	19
Tax expense	20
Significant Items.....	20
Interest rate risk	23
Credit risk.....	24
Equity risk	24
Market risk	24
Operational risk.....	24
Financial strength.....	25
Cash flow	26
Summary Consolidated Balance Sheet	27
Appendix A: Additional financial information	29
Appendix B: Average FUM table.....	30
Appendix C: Recent ASX announcements	31
Glossary.....	33

Note in this report:

- 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
- 2H12 refers to the financial reporting period for the six months ending 30 June 2012
- FY12 refers to the financial reporting period for the 12 months ending 30 June 2012

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

Perpetual is a diversified financial services company operating in three main markets: funds management, financial advisory and trustee services. The Group operates in Australia. Market factors influencing the performance of these sectors include, amongst others, global and Australian financial markets, investor confidence and behaviour and government policy.

The following is a discussion and analysis of the Group's results of operations for the six months ended 31 December 2011 (1H12). It also includes a discussion of the Group's financial condition as at 31 December 2011.

The following information should be read in conjunction with the Group's unaudited condensed consolidated financial statements for the six months ended 31 December 2011 and should also be read in conjunction with the audited financial statements and notes thereto contained in the Annual Report for the financial year ended 30 June 2011 (FY11).

The Group's unaudited condensed consolidated financial statements were subject to independent review by KPMG.

All amounts shown are stated in Australian dollars unless otherwise noted, and are subject to rounding.

A list of relevant ASX announcements since the start of 1H12 can be found at Appendix C. Additional information is available on the Group's website www.perpetual.com.au

A glossary of frequently used terms and abbreviations can be found at the end of the discussion.

Overview

Investment markets declined significantly in 1H12 in response to a deteriorating global economic outlook and worsening fears concerning public debt levels in the US and Europe. The S&P/ASX All Ordinaries Price Index (All Ords) declined by around 12% during 1H12, closing at 4,111. The average All Ords for 1H12 was around 7% lower than during 1H11 and around 11% lower than during 2H11. This decline in the Australian equity market had a negative impact on the Group's market-linked revenues and flows were adversely affected as investors sought refuge in safe haven asset classes such as bank term deposits and gold.

1H12 Group statutory net profit after tax (NPAT) was \$22.9 million, down 35% or \$12.1 million compared to \$35.0 million in 1H11 and down 15% or \$4.1 million compared to \$27.0 million in 2H11. The decline in statutory NPAT compared to 2H11 was principally due to:

- a \$10.2 million after tax expense relating to the closure of the Group's global equities manufacturing capability in Dublin, and the restructuring of its retail distribution and marketing functions;
- a \$2.2 million after tax loss in relation to market linked-investments; and
- the foreshadowed lower rate of recovery of prior period losses in relation to the Exact Market Cash Fund (EMCF), reflecting the continued maturing of securities in the portfolio at their face value.

1H12 Group underlying profit after tax (UPAT) was \$34.7 million, down 15% or \$6.3 million lower than the \$41.0 million in 1H11, but up 9% or \$2.8 million compared to \$31.9 million in 2H11. The improvement in UPAT compared to 2H11 reflected:

- the benefits of recent initiatives to variabilise expenses and exit non-performing, non-core business activities; and
- a reduction in equity-based remuneration expense in relation to various performance based hurdles.

A FY12 interim fully franked dividend of 50 cents per share was declared by the Board, compared to 95 and 90 cents per share fully franked declared for the FY11 interim and final dividend respectively. The FY12 interim dividend is payable on 29 March 2012.

Consistent with its commitment to more actively manage its capital, the Group completed a \$70 million off-market buy-back of its listed ordinary shares during 1H12. As a result:

- at the end of 1H12, the Group's holdings of cash, cash equivalents and liquid investments totalled \$165.4 million, compared to \$274.0 million at the end of FY11;
- net tangible assets per share were \$2.91 at the end of 1H12, compared to \$4.50 at the end of FY11; and
- shares on issue reduced by 3.3 million or 7.5% of the issued capital of Perpetual Limited.

Segment results summary

For the six month period	Operating Revenue			EBITDA ⁽¹⁾			Profit before/after tax		
	1H11	2H11	1H12	1H11	2H11	1H12	1H11	2H11	1H12
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Perpetual Investments	112.8	112.2	99.1	47.6	46.4	43.9	38.1	35.2	37.7
Private Wealth	56.9	59.3	56.8	11.8	10.0	8.4	7.7	5.6	4.9
Corporate Trust	52.3	44.9	42.7	16.9	12.2	10.8	15.3	10.0	9.3
Group and Support Services	5.1	5.2	3.8	0.2	(1.9)	(0.6)	(2.0)	(4.5)	(2.5)
Totals before tax and significant items	227.1	221.6	202.4	76.5	66.7	62.5	59.1	46.3	49.4
Income tax expense							(18.1)	(14.4)	(14.7)
Underlying profit after tax (UPAT)⁽²⁾ before significant items							41.0	31.9	34.7
Significant items after tax:									
– Impairment of intangible assets							(10.6)	(4.1)	-
– Private equity proposal response costs							(3.0)	(0.1)	-
– Profit/(loss) on investments							1.6	1.9	(2.2)
– EMCF gains ⁽³⁾							6.0	3.8	-
– Restructuring costs ⁽⁴⁾							-	(6.4)	(10.2)
– Gain on disposal of business							-	-	0.6
Statutory net profit after tax (NPAT) attributable to Perpetual Limited ordinary equity holders							35.0	27.0	22.9

(1) EBITDA represents earnings before financing costs, taxation, depreciation, amortisation of intangible assets, equity remuneration expense and significant items.

(2) UPAT 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 statutory NPAT attributable to equity holders of Perpetual Limited, or are deemed to be outside normal operating activities. It reflects management's assessment of the result for the ongoing business of the Group. UPAT 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 the Group's 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 UPAT. The EMCF1 gains after tax for 1H12 were \$1.3 million.

(4) Restructuring costs (after tax) includes an amount of \$8.7 million related to the closure of the operations in Dublin. Upon cessation of operations in 2H12 the foreign currency reserve related to these operations will be reclassified as a non-cash expense within profit and loss. As at 31 December 2011 the foreign currency reserve related to the operations in Dublin was \$4.8 million.

The following table presents the change in underlying profit before tax by business unit for 1H12, compared to 1H11 and 2H11:

Change in underlying profit before tax	1H12 v 1H11	1H12 v 1H11	1H12 v 2H11	1H12 v 2H11
	\$m	% change	\$m	% change
Perpetual Investments	(0.4)	(1)	2.5	7
Private Wealth	(2.8)	(36)	(0.7)	(13)
Corporate Trust	(6.0)	(39)	(0.7)	(7)
Group and Support Services	(0.5)	(25)	2.0	44
Total	(9.7)	(16)	3.1	7

The profitability of each business unit is heavily influenced by its key revenue drivers:

- funds under management (FUM) for Perpetual Investments;
- funds under advice (FUA) for Private Wealth; and
- funds under administration (FUA) and number of mortgage matters for Corporate Trust.

The Group earns the majority of its revenue based on a percentage of total assets under management, advice or administration. Fee-for-service activities accounted for around 32% of the Group's 1H12 revenues that were charged on a per transaction or time basis, compared to 32% in 1H11 and 30% in 2H11.

Movements in key revenue drivers

The following table summarises the movements in each business unit's key revenue driver across the period. More detailed analysis is contained within the 'Review of Businesses' section.

	End of 1H11	End of 2H11	1H12 Net flows	1H12 Other	End of 1H12	1H12 v 1H11 % variance	1H12 v 2H11 % variance
	\$b	\$b	\$b	\$b	\$b		
Perpetual Investments FUM	27.5	27.2	(3.0)	(1.3)	22.9	(17)	(16)
Private Wealth FUA	8.8	8.7	(0.2)	(0.4)	8.1	(8)	(7)
Corporate Trust FUA	209.4	205.8	(0.1)	-	205.7	(2)	-
Number of mortgage matters	131,255	108,372			119,985	(9)	11

The key driver of the Group's revenue is the average value of the Australian equity market over the period. The average value of the Australian equity market in 1H12, as represented by the All Ords, was around 7% and 11% lower than in 1H11 and 2H11 respectively.

The largest drivers of total revenue are the value of FUM within Perpetual Investments and FUA within Private Wealth, which are mainly influenced by the level of the Australian equity market. At the end of 1H12, Perpetual Investments' FUM and Private Wealth's FUA were around 76% and 52% exposed to equity markets respectively.

The following table details the movement in average FUM and revenue margin over the last three reporting periods:

	1H11 \$b	2H11 \$b	1H12 \$b
Average Perpetual Investments FUM			
Australian equities	18.9	19.8	16.9
Global equities	1.1	1.0	0.9
Quantitative investments	0.1	-	-
Equities	20.1	20.8	17.8
Cash and fixed income	6.2	6.0	5.4
Other	1.2	1.2	1.1
Total	27.5	28.0	24.3
Average revenue margin	79bps	77bps	79bps

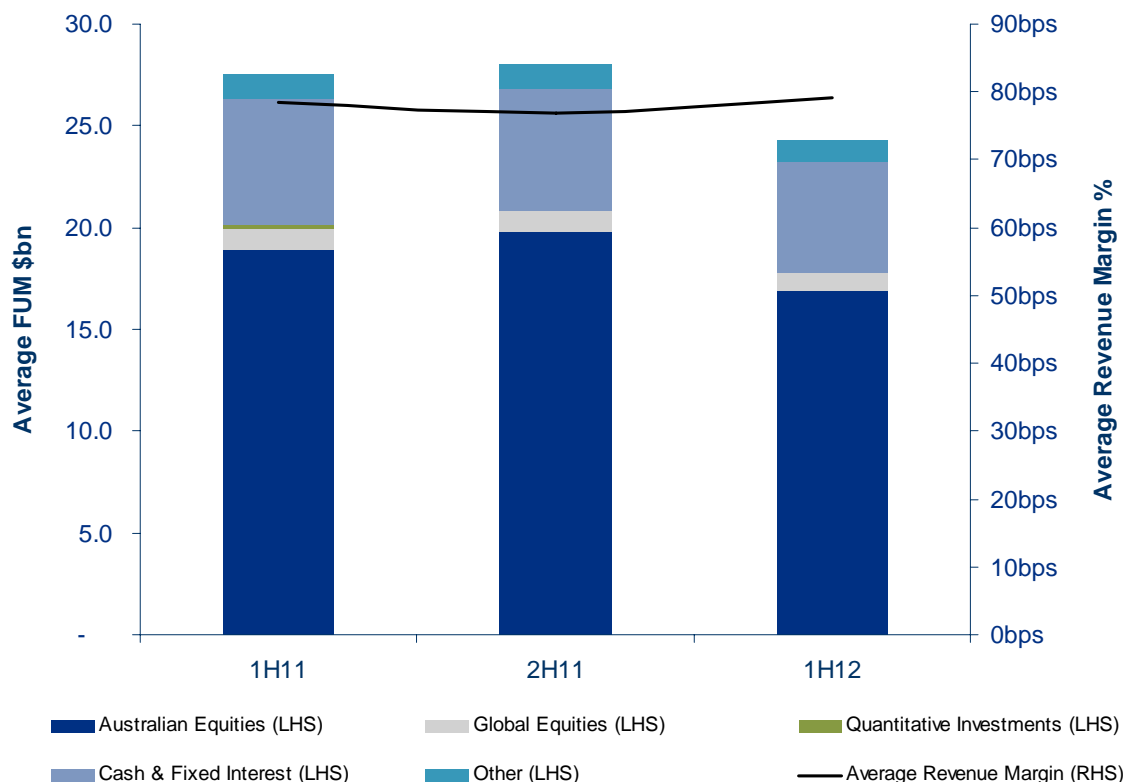
The key asset classes actively managed by the Group are equities, and cash and fixed income. 1H12 closing FUM was \$22.9 billion, 16% lower than at the close of 2H11. Average FUM decreased by 13% in 1H12, predominantly due to lower equity markets and net outflows from equities and the cash and fixed income asset classes.

In 1H12, there was \$3 billion of net outflows in Perpetual Investments, mainly from lower margin products such as institutional equities and cash.

Private Wealth FUA decreased by 7% to \$8.1 billion during 1H12, reflecting worsening equity and credit market conditions since the end of FY11.

Average FUM revenue margin in Perpetual Investments in 1H12 increased by 2bps on 2H11 to 79bps, and was unchanged from 1H11. The increase on 2H11 was primarily due to the change in mix of business between the lower margin institutional channel versus the higher margin retail/intermediary channel.

These trends can be seen from the following chart, which shows Perpetual Investments' average FUM and revenue margin over the last three reporting periods.



Management calculates the expected impact on revenue derived from FUM and FUA for each 1% movement in the All Ords. Based on the level of the All Ords at the end of December 2011, a 1% movement in the market changes annualised revenue by approximately \$1.5 million to \$2.0 million. It is worth noting this movement is not linear to the overall value of the market. This means that as the market reaches higher or lower levels, a 1% movement may have a larger or smaller effect on revenue as FUM and FUA are comprised of both equity market and non-equity market-sensitive asset classes.

Note that the above revenue sensitivity is a guide only and may vary due to a number of factors, including but not limited to:

- equity funds under the Group's management and advice performing broadly in line with the All Ords;
- the impact of FUM and FUA flows, both inflows and outflows, and their timing; and
- changes in channel and product mix, and pricing policy can also affect the level of revenue earned from the Perpetual Investments and Private Wealth businesses.

Corporate Trust FUA was in aggregate broadly unchanged over 1H12.

Mortgage processing volumes increased by 11% in 1H12 compared to 2H11, benefiting from a combination of improved lending market conditions and seasonality.

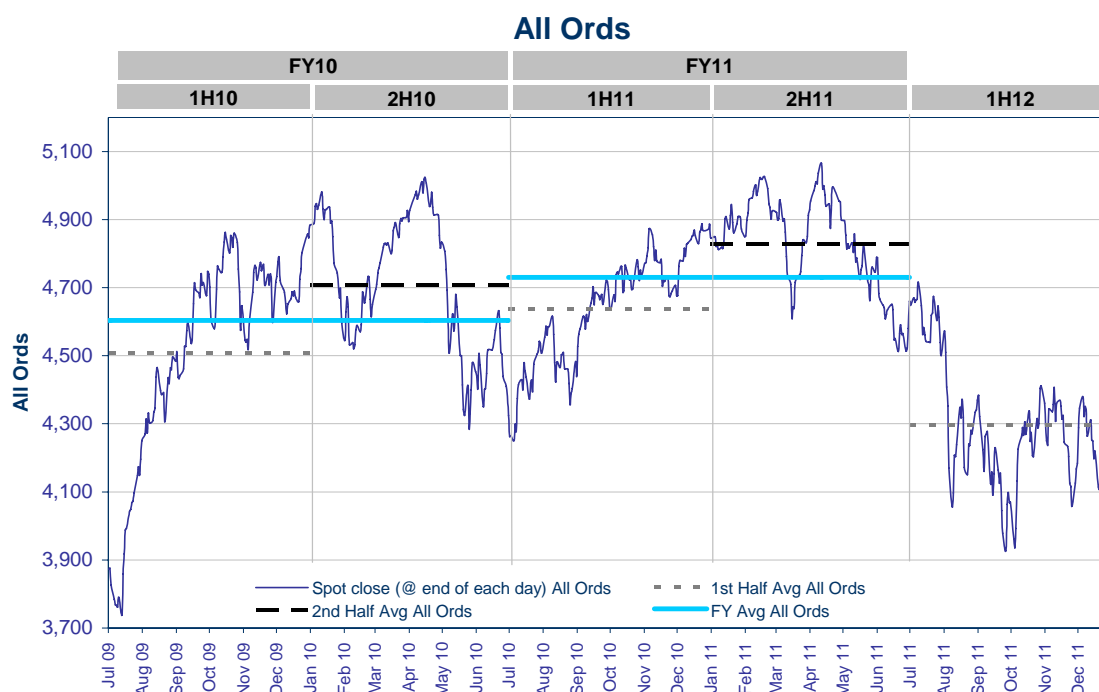
Operating environment

Global stock markets declined significantly in 1H12 in response to a deteriorating global economic outlook and worsening fears concerning public debt levels in the US and Europe. Early in the period, the US Congress narrowly avoided pushing the US Treasury Department to its borrowing limit and ratings agency Standard and Poor's (S&P) subsequently downgraded US debt (for the first time ever) from AAA to AA+. Meanwhile, investors became increasingly concerned about the debt situation in several European countries (including Greece, Italy, Portugal and Spain), which culminated in nine countries being downgraded by S&P. During the build-up to these downgrades, investors priced elevated risk into the funding markets for the region's banks and highly indebted governments, which placed further downward pressure on global share prices.

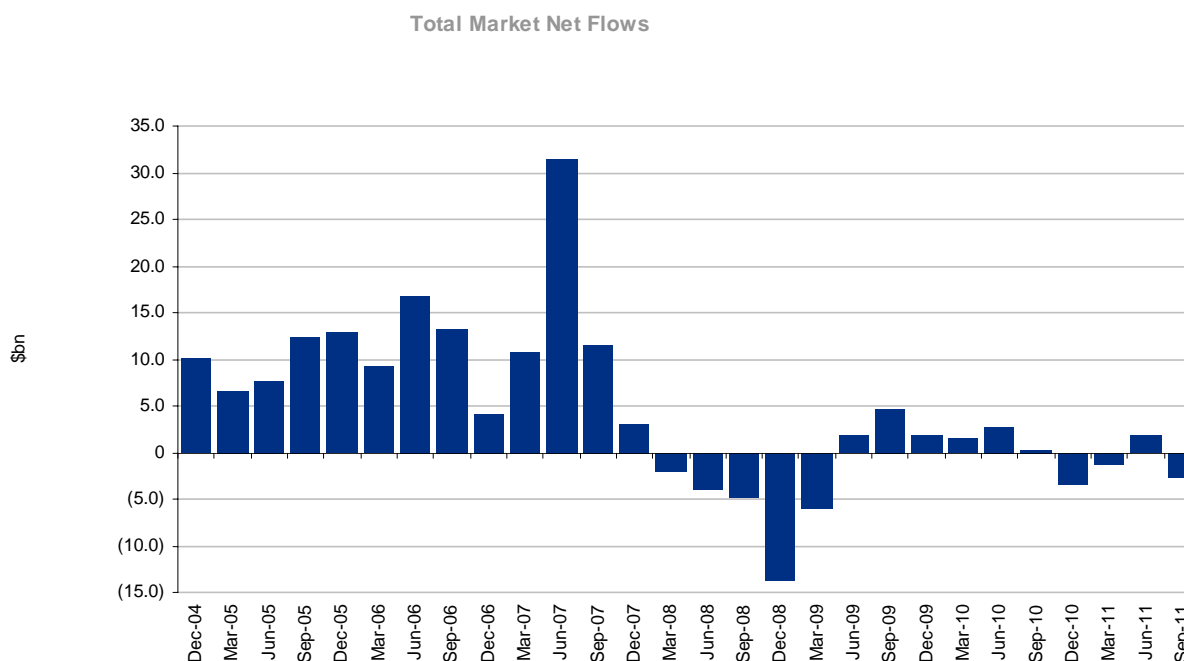
Australia was not spared from the sharemarket declines and domestic corporate news offered little inspiration for buyers with management teams seemingly cautious about global developments, although buy-backs were a positive feature. The bank earnings season delivered few surprises but lenders warned about difficult funding cost pressures, while a number of companies in consumer-sensitive sectors pointed to tough trading conditions in the subdued domestic economy. However, as US economic data firmed and Europe pieced together a fund to reduce funding market pressures and agreed to adopt reforms to limit future indebtedness, market sentiment progressively stabilised at the end of 2011 and share prices rose in response to attractive valuations.

This trend was reinforced by strong economic growth and declining inflation in China, which has provided scope for authorities to loosen policy, if required. While consumer and business sentiment improved following these developments and the Reserve Bank of Australia's decision to twice lower its Target Cash Rate, investor sentiment remained extremely cautious and this meant that the majority of investment inflows over the period were again channelled into term deposits rather than equities.

The All Ords decreased in value during 1H12 by around 12%, closing at 4,111.0 at the end of the period, compared to 4,659.8 at the end of 2H11. The average All Ords for 1H12 was around 11% lower than during 2H11 and around 7% lower than during 1H11. The following chart shows the movement in the daily All Ords as well as the average levels for 1H10, 2H10, FY10, 1H11, 2H11, FY11 and 1H12.



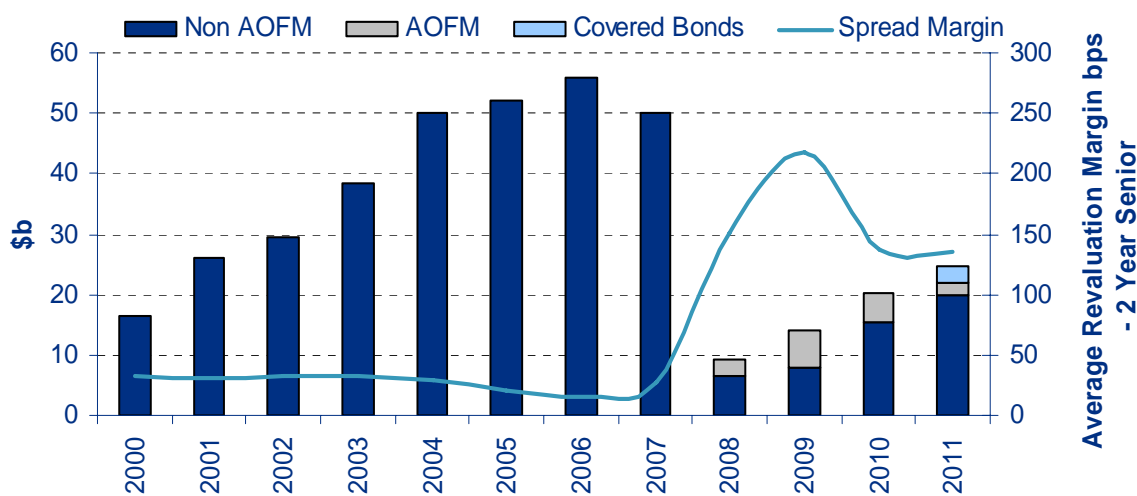
Based on the most recent Plan for Life data, the funds management industry has been in net outflow over the last 12 months. These net flows continue to remain well below historic levels.



Source: Plan for Life

The above chart demonstrates the stalled recovery of net flows into the Australian funds management industry. Inflows remain well below pre Global Financial Crisis levels.

Market volatility and global headwinds during 1H12 resulted in the Residential Mortgage Backed Securities (RMBS) being effectively closed to new issuance during the first three months of 1H12 as spreads on primary RMBS widened and funding costs increased. Despite the negative sentiment, there was an increase in issuance during the latter part of the year, with the bank segment dominating issuance volumes. The first Australian covered bond issuance took place in 1H12, with most of the major banks issuing in late November and December 2011. It is anticipated that these programs will continue to grow over the coming year. Corporate Trust was appointed as covered bond trustee for three of the four major banks.



Source: www.aofm.gov.au: S&P, Macquarie Bank and Perpetual

Regulatory environment

The Regulatory environment continues to become somewhat more certain as the Federal Government's *Stronger Super* and *Future of Financial Advice* legislation near the final stages of the legislative process. There remains some debate around implementation deadlines, with a strong industry view that the Federal Government's current stance of requiring compliance with legislation associated with the *Future of Financial Advice* policy by 1 July 2012 represents an unrealistically short deadline. It is planned that deadlines for implementation of legislation associated with the *Stronger Super* policy package will be implemented in a staged approach, with different dates for different elements of the policy.

While Perpetual's high quality Private Wealth advice model and product and service offering make it well positioned to transition to the new regulatory environment for financial advice and superannuation, these changes in legislation are placing cost and consolidation pressure on small and medium sized financial advisory businesses and on superannuation funds. Both of these groups are clients of Perpetual Investments' business.

The Federal Government's foreshadowed legislation to increase the Superannuation Guarantee (SG) from 9% to 12% is expected to be passed by the end of FY12. This increase in the SG is expected to be a positive development for Perpetual and its clients.

In another policy area relevant to Perpetual's business, the Federal Government has announced that it has formed a Superannuation Roundtable to consider ideas raised at the Tax Forum. The issues that this roundtable will consider include consideration of better ways to target tax concessions and to create options for retirees in the post-retirement phase of their life-cycle. While Perpetual will monitor the impact of any developments in these areas on its business, it is too early to speculate as to the nature of any opportunities or challenges that may result from these changes.

Shareholder returns

For the six month period ⁽¹⁾ ⁽²⁾		1H11	2H11	1H12
Diluted earnings per share (EPS) on UPAT	cents	93.9	71.8	81.5
Diluted EPS on statutory NPAT	cents	80.1	60.8	53.8
Annualised return on equity (ROE) on UPAT	%	22.6	17.4	21.6
Annualised ROE on statutory NPAT	%	19.3	14.7	14.2

(1) EPS is calculated using the weighted average number of ordinary shares and potential ordinary shares on issue.

(2) ROE quoted in the above table are an annualised rate of return based on actual results for each period. ROE is calculated using the statutory NPAT attributable to Perpetual Limited ordinary equity holders for the period divided by average equity attributable to the Group's ordinary equity holders, multiplied by the number of such periods in a calendar year in order to arrive at an annualised ROE. With respect to the annualised returns in 1H12, these do not represent a forecast of full year results for the Group in respect of the 2012 financial year.

For 1H12, the following can be noted with regard to EPS and ROE on UPAT:

- Diluted EPS of 81.5 cents per share represented an increase of 14% on 2H11 and a decrease of 13% on 1H11, reflecting the positive effect of the \$70 million off-market share buy-back and the movement in underlying profitability; and
- ROE increased by 420 bps from 17.4% to 21.6% on 2H11 but was down 100bps from 22.6% in 1H11.

Both EPS and ROE on NPAT were lower in 1H12 compared to both 1H11 and 2H11, predominantly due to the impact of:

- a \$10.2 million after tax restructuring expense;
- a \$2.2 million after tax loss on investments; and
- the foreshadowed lower rate of recovery of prior period losses in relation to the Exact Market Cash Fund (EMCF), reflecting the continued maturing of securities in the portfolio at their face value.

During 1H12, the number of shares on issue decreased by around 6% (2.7 million shares) to 42.0 million shares due to:

- the Group buying back 3.3 million shares or around 7.5% of its issued capital; offset by
- the Group issuing around 0.6 million shares under its employee share plans.

Average shareholders' equity for 1H12 fell by around 12%, primarily due to:

- the \$70 million off-market share buy-back capital management initiative, which decreased contributed equity by around \$31 million and retained earnings by \$39 million;
- the payment of the FY11 final dividend of \$40 million reducing retained earnings; offset by
- 1H12 total comprehensive income¹ increasing shareholders' equity by around \$18 million.

Dividends

For the six month period		1H11	2H11	1H12
Dividend per ordinary share	cents	95.0	90.0	50.0
Dividend payout ratio ⁽¹⁾	%	118.6	148.0	92.9
Proportion of statutory NPAT paid/payable as dividend	%	120.6	148.9	91.5 ⁽²⁾

⁽¹⁾ Dividend payout ratio is calculated using dividend(s) declared for the relevant period, divided by the diluted earnings per share.

⁽²⁾ Based on ordinary shares fully paid at end of 1H12.

Perpetual's dividend policy is to pay dividends within a range of 80%-100% of statutory NPAT on an annualised basis, with a goal to maximise fully franked dividends to shareholders. The dividend policy is designed to be sustainable over the long term, while providing the Group with an appropriate degree of financial flexibility.

A FY12 interim fully franked dividend of 50 cents per share will be payable on 29 March 2012 (Ex-dividend Date of 2 March 2012 and Record Date of 8 March 2012), compared to a fully franked dividend of 95 and 90 cents per share for the FY11 interim and FY11 final dividends respectively. This equates to a dividend payout ratio of 92.9% on 1H12 statutory NPAT.

The reduction in the FY12 interim dividend is mainly attributable to:

- the fall in the Group's statutory NPAT in 1H12 compared to 1H11 and 2H11; and
- the Board excluding the impact of the following charges on statutory NPAT in determining FY11 dividends given the Group's strong financial profile. Statutory NPAT was reduced by a \$14.7 million asset impairment charge that was non-cash in nature; a \$3.1 million after tax cost in relation to responding to the private equity proposal; and a \$6.4 million after tax restructuring expense. Excluding the aforementioned items resulted in a FY11 dividend payout ratio of around 96%.

The Dividend Reinvestment Plan (DRP) will be operational for the FY12 interim dividend. Shares to satisfy the DRP will be acquired on-market and transferred to DRP participants. DRP shares will be allocated to DRP participants at the Average Market Price as defined in the DRP terms². There will be no discount applicable to the Average Market Price.

The Pricing Period for the FY12 interim dividend will be the ten Trading Days commencing 9 March 2012 and ending 22 March 2012.

The Group's franking credit balance as at the end of 1H12 was \$30.4 million, which will enable it to fully frank around \$71 million of cash dividends. After payment of the FY12 interim dividend of around \$21 million, the franking balance is expected to be capable of fully franking around a further \$50 million of cash dividends.

¹ Refer to the Condensed Statement of Comprehensive Income for the half year ended 31 December 2011 which forms part of the Group's half-year financial statements

² The Group's DRP Rules can be found at <http://shareholders.perpetual.com.au/phoenix.zhtml?c=171717&p=irol-drip>

Review of Businesses

Perpetual Investments

Perpetual Investments is one of Australia's most highly regarded investment fund managers, offering a broad range of products for personal investment, superannuation and retirement.

The business offers clients strong investment capabilities across a range of asset classes, including Australian and international equities, property securities, fixed income and multi sector strategies.

In addition to investment manufacturing, Perpetual Investments also offers the 'WealthFocus' platform which provides clients with a range of funds managed by both Perpetual and other fund managers under one account.

Perpetual Investments services a diverse range of client types, from large institutional investors through to smaller retail investors.

During the period, the business executed a number of strategic initiatives, including the exit of self managed superannuation fund (SMSF) administration services via the sale of the smartsuper business and the closure of the Dublin-based International Share funds manufacturing capability and transfer of management of these funds to Wellington Management Company, LLP (Wellington Management). These initiatives have had a favourable combined impact to expenses of around \$5.6 million for the period.

The business also revised its retail distribution operating model to enhance its focus on key clients and decision makers in the retail funds market, as well as organisations influencing their product selection, such as research and ratings houses. More on these changes can be found below under the heading 'Changes to the Retail Distribution Operation Model'.

Financial Summary

Profit Before Tax

Perpetual Investments profit before tax for the half year to December 2011 was \$37.7 million. This result is \$2.5 million or 7% above the previous half year, but down \$0.4 million or 1% on the same period last year.

The business has focussed on strategic cost reduction initiatives, which have resulted in total expenses decreasing by \$13.3 million or 18% on 1H11 and by \$15.6 million or 20% on 2H11.

For the six month period	1H11 \$m	2H11 \$m	1H12 \$m
Revenues	112.8	112.2	99.1
Operating expenses	(65.2)	(65.8)	(55.2)
EBITDA	47.6	46.4	43.9
Depreciation and amortisation	(2.7)	(2.7)	(2.0)
Equity remuneration expense	(6.8)	(8.5)	(4.2)
Profit before tax	38.1	35.2	37.7
Average margin annualised (Revenues/average FUM)	79bps	77bps	79bps
Average FUM	\$27.5b	\$28.0b	\$24.3b

Revenues

1H12 revenue of \$99.1 million was a decrease of 12% on 1H11 and 2H11 due to lower equity markets together with ongoing market volatility and the impact on investor confidence. This decline in revenue is broadly in line with the decrease in average funds under management (FUM) over the period.

Movements in average FUM balances generally correlate to movements in equity markets over the period, but are also impacted by the level of investor applications and redemptions (net flows) during the period.

The average FUM revenue margin in 1H12 was 79bps. This was higher than the previous period's average margin of 77bps, but in line with the same period last year. Movements in average margins are mainly brought about by changes in the mix of FUM between lower margin institutional and higher margin retail investors.

The following table provides an analysis of Perpetual Investments' revenue by asset class.

Revenue for the six month period	1H11 \$m	2H11 \$m	1H12 \$m
By asset class:			
- Equities	89.6	90.6	77.6
- Cash and fixed income	14.0	13.3	14.9
- Other FUM related	6.1	5.7	3.7
- Other non-FUM related	3.1	2.6	2.9
Perpetual Investments total revenue	112.8	112.2	99.1

Equities revenues represent fees earned on Australian and Global Equities products. This revenue was \$77.6 million in 1H12, a decrease of 13% on 1H11 and 14% on 2H11. This was due to lower equity markets over the period and net outflows.

Cash and Fixed Income revenues are derived from our fixed income, cash and mortgage products. 1H12 revenue increased by \$1.6 million on 2H11, principally due to the inclusion of \$1.9 million of revenue from the Exact Market Cash Fund 1 product as normal operating revenue. Previously this was reported outside of UPAT as a significant item.

Compared to 1H11 (excluding the revenues from the Exact Market Cash Fund 1 product), this revenue has decreased due to lower FUM, primarily in the more mature mortgage fund products.

Other FUM related revenue includes management fees for external funds on the WealthFocus platform, administration fees on the PPI structured products (which have been in run-off since 2009) and SMSF administration fees from the smartsuper business.

Other FUM related revenue has decreased by \$2.4 million from 1H11 and by \$2.0 million from 2H11, predominantly due to the sale of the smartsuper business during the period, as well as lower administration fees on the PPI structured products as these products continue to run off.

Other non-FUM related revenue mainly includes the net interest margin on the structured products loan book and interest earned on operational bank accounts across the business. This revenue was \$2.9 million for the period which was \$0.2 million less than 1H11 but \$0.3 million higher than 2H11 and reflects the decrease in the structured products loan book, offset in part by an increase in mortgage lending fees from new mortgage related investment products that have been developed for the institutional market.

Total Expenses

The execution of key strategic initiatives and a focus on reducing costs saw operating expenses reduce by \$10.0 million or 15% over 1H11 and by \$10.6 million or 16% on 2H11 to \$55.2 million. When including non-cash expenses such as depreciation and amortisation and equity remuneration expense, expenses were down by \$13.3 million or 18% from 1H11 and by \$15.6 million or 20% from 2H11.

The decrease in total expenses has mainly been brought about by:

- Various strategic initiatives reducing total expenses such as:
 - the closure of the Dublin-based International Share funds manufacturing capability and transfer of management of these funds to Wellington Management, resulting in a reduction in net expenses of approximately \$2.7 million. A one-off restructuring charge has been incurred in association with the closure of this business and this is reported at the Group level as a significant item;
 - the sale of the smartsuper SMSF administration business contributing a total of \$2.9 million of expense reductions; and
 - around \$2 million in savings associated with staff reductions from a Group-wide restructure initiative announced in May 2011, together with the closure of the quantitative investments business in 1H11.
- Further expense reductions including:
 - lower equity remuneration expense of \$1.7 million in 1H12, predominantly due to the forfeiture of equity share awards due to specific hurdles not being met. In 1H11, equity remuneration expense also included a write-back due to non-achievement of vesting hurdles;
 - around \$2.6 million in lower staff related expenses due to lower headcount and variable remuneration costs;
 - around \$1.1 million in lower operating expenses such as travel, entertainment and other discretionary expenses as the business maintained a strong cost control focus; and
 - the absence of one-off costs of around \$1.1 million that were incurred in 1H11, related to the closure of the quantitative investment funds, coupled with the restructuring of the Equities and Distribution teams.

Another factor impacting the movement in expenses is the cessation of interdivisional charges received from the Private Wealth business for the DIY super administration business. Perpetual Investments managed the DIY super administration business in 1H11 and received \$1.3 million from Private Wealth. A decision was made to transfer the administration of these funds to Private Wealth in 2H11. This has resulted in lower interdivisional charges for Perpetual Investments, offset by a reduction in expenses within Private Wealth. It has no impact at the Group level.

Funds Under Management

At the end of 1H12, FUM was \$22.9 billion, a decrease of 17% and 16% from the end of 1H11 and 2H11 respectively.

On an average FUM basis, average 1H12 FUM was \$24.3 billion or 12% lower than the prior corresponding period. Movements in average FUM are more correlated with changes in revenues over time.

At end of	1H11 \$b	2H11 \$b	Net flows \$b	Other ⁽¹⁾ \$b	1H12 \$b
Institutional	8.3	8.7	(1.7)	(0.3)	6.7
Intermediary	13.1	12.6	(0.8)	(0.7)	11.1
Retail	6.1	5.9	(0.5)	(0.3)	5.1
All channels	27.5	27.2	(3.0)	(1.3)	22.9
Australian equities	19.1	18.7	(2.0)	(1.3)	15.4
Global equities	1.3	1.0	(0.1)	-	0.9
Equities	20.4	19.7	(2.1)	(1.3)	16.3
Cash and fixed income	5.8	6.0	(0.8)	0.1	5.3
Other	1.3	1.5	(0.1)	(0.1)	1.3
All asset classes	27.5	27.2	(3.0)	(1.3)	22.9

⁽¹⁾ Includes reinvestments, distributions, income and change in market value.

In line with subdued markets, ongoing risk aversion from investors and the loss of certain institutional mandates, the business experienced net outflows of \$3.0 billion during 1H12. The majority of outflows were in the lower margin institutional channel, the more mature Industrial Share Fund, and mortgage asset classes sourced from the intermediary and retail channels.

Net Flows

Net flows of Perpetual Investments' products by distribution channel and asset class for the last three reporting periods are detailed in the following table.

For the six month period	1H11 \$b	2H11 \$b	1H12 \$b
Institutional	(0.5)	0.4	(1.7)
Intermediary	(0.6)	(0.6)	(0.8)
Retail	(0.2)	(0.3)	(0.5)
All channels	(1.3)	(0.5)	(3.0)
Australian equities	(0.1)	(0.5)	(2.0)
Global equities	(0.1)	(0.1)	(0.1)
Equities	(0.2)	(0.6)	(2.1)
Cash and fixed income	(1.0)	0.1	(0.8)
Other	(0.1)	-	(0.1)
All asset classes	(1.3)	(0.5)	(3.0)

Flows Analysis by Distribution Channel

Institutional – includes industry superannuation funds and clients who invest large sums. The business earns its lowest revenue margin from this channel. However, institutional FUM does not require complex technology and service structures, such as call centres and dedicated sales and distribution support, so the servicing cost is lower.

During 1H12, this channel experienced net outflows of \$1.7 billion arising from the withdrawal of some Australian equities institutional mandates as well as net outflows from low margin cash and fixed income products.

Intermediary – this channel includes FUM from financial advisers who invest with Perpetual via external platform providers. This is the business' largest source of FUM.

In 1H12, the intermediated channel experienced net outflows of \$0.8 billion due to subdued investor sentiment as a result of ongoing market uncertainty. The outflows were largely from more mature funds such as the Industrial Share Fund and mortgage funds.

Retail – this channel sources FUM from advisers and individual clients who invest with Perpetual directly. This FUM earns the highest average gross margin. However, it requires an increased level of support infrastructure, which makes the cost to service this channel the highest.

Net outflows from this channel in 1H12 were \$0.5 billion, again largely from more mature funds such as the Industrial Share Fund and mortgage funds.

Changes to the Retail Distribution Operating Model

In May 2011, the Group announced it would put greater emphasis on the distribution function in its businesses to support product flows and take advantage of growth opportunities.

Following a review of the business model and structure of the function, Perpetual introduced changes in December 2011 to enhance its focus on key clients and decision makers in the retail funds market, as well as organisations influencing their product selection, such as research and ratings houses.

In the changed structure, a Strategic Accounts team services the head offices of the largest distributors, in response to the trend towards consolidation of the market for investment products into institutionalised groups, with a centralisation of the investments decision function.

A separate Adviser Distribution team supports the wider financial planning community through a nationwide presence. A third team, Research and Operations, focuses on optimising research house ratings, promotes the inclusion of Perpetual funds in model portfolios, and delivers sales and client insight support to the Strategic Accounts and the Adviser Distribution teams.

The resulting structure maintains the Retail Distribution function's end-to-end capability, but with a narrower, higher impact focus. The implementation of the new structure was completed after the end of the financial period, in February 2012 with the appointment of the executives that will lead the three teams.

Investment Performance

Almost all of Perpetual Investments' funds have experienced returns greater than that of the overall market. This excess return provides a better outcome for our investors and demonstrates the expertise of our investment managers.

The table below outlines the solid returns of our key funds versus the overall market:

Excess/(under) 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

Perpetual Investments continues to be recognised by industry peers and various research houses. Of particular note during the last six months:

- At the 13th Annual Australian Fund Manager Awards 2011, the Perpetual Smaller Companies Fund won the Small Companies Fund Manager Award, and
- Perpetual Investments' WealthFocus Super Plan Smaller Companies Fund was declared the Gold Winner for Best Australian Shares Super Fund at the Money Magazine Best of the Best Awards 2012.

Private Wealth

Private Wealth provides holistic financial solutions for high net worth individuals. It aims to be the leading provider of wealth advice for financially successful individuals, families, businesses and not-for-profit organisations.

Private Wealth manages financial assets for around 6,500 private clients, estates, trusts and charitable trusts, with funds under advice (FUA) of \$8.1 billion at the end of 1H12, down 7% from the \$8.7 billion at the end of FY11. The average client account balance is \$1.2 million.

Private Wealth is one of the largest managers of private charitable foundations in Australia, with around \$1.1 billion in FUA. Private Wealth is trustee to nearly 460 charitable trusts, supporting cultural, medical, social, environmental, religious and educational causes.

In 1H12, Private Wealth continued to execute on its strategy through a combination of organic and inorganic initiatives. Key achievements included:

- the execution of a platform agreement with Macquarie Investment Management Limited as part of the modernisation of our platform and product offering (Project ICE – “Improved Customer Experience”). During January 2012 the business received the final regulatory approval relating to its new Superwrap product and is well progressed with the detailed design phase of the platform offering. The detailed design phase is expected to be completed in the early part of 2H12, following which the business will commence the build phase including the launch of its new Superwrap product;
- good underlying growth in non-market related revenue from investment placements, estate planning, new risk sales and increased plan fees. The business has continued to invest in these service offerings to further enhance its holistic offering to key client segments;
- an increase in client advocacy in target client segments. The business has continued to communicate with, and provide excellent care and service to clients whilst investor sentiment remains cautious;
- continued pursuit of the inorganic growth strategy. A number of potential investment opportunities were identified during 1H12, but none were concluded during the period. The Group is at different stages of discussions with a number of potential acquisitions; and
- continued investment in professional development to enhance technical capability across the board.

Financial summary

Profit Before Tax

1H12 profit before tax of \$4.9 million constituted a decrease of around 36% from the \$7.7 million in 1H11, reflecting continued investment in the business (primarily Project ICE). Lower market related revenue was offset by an increase in non-market related revenue. 1H12 profit before tax was \$0.7 million or 13% lower than in 2H11.

For the six month period	1H11 \$m	2H11 \$m	1H12 \$m
Market related revenue	39.4	39.7	38.4
Non-market related revenue	17.5	19.6	18.4
Total revenues	56.9	59.3	56.8
Operating expenses	(45.1)	(49.3)	(48.4)
EBITDA	11.8	10.0	8.4
Depreciation and amortisation	(3.0)	(3.3)	(3.1)
Equity remuneration expense	(1.1)	(1.1)	(0.4)
Profit before tax	7.7	5.6	4.9
Closing Funds under Advice (FUA)	\$8.8b	\$8.7b	\$8.1b
Average Funds under Advice (FUA)	\$8.5b	\$8.8b	\$8.2b
Market related revenue margin	93 bps	90 bps	94 bps

Revenues

The main revenue driver for Private Wealth is FUA, with market related revenue contributing approximately 68% of total 1H12 revenues. This is broadly in line with 1H11 and 2H11. The business has continued to have good contributions from non-market related revenue, reflecting the broad range of service offerings.

1H12 revenues were \$56.8 million, broadly in line with 1H11, but \$2.5 million or around 4% lower than in 2H11. Market related revenue was lower due to lower average FUA, reflecting weaker market conditions. The 1H12 market related revenue margin of 94bps is broadly in line with 1H11 but up on 2H11.

The increase in non-market related revenue on 1H11 was due to increased activity in estate administration, and investment placements, offset by lower tax and accounting revenues and lower establishment fee revenues as a result of lower gross inflows. The decline in non-market related revenue on 2H11 was mainly due to seasonality in tax and accounting revenue.

Expenses

Operating expenses in 1H12 were \$48.4 million, \$3.3 million or 7% higher than in 1H11, but \$0.9 million or 2% lower than in 2H11. \$2.4 million of the 1H12 increase on 1H11 relates to Project ICE (nil in 1H11 and \$1.9 million in 2H11) associated with an initial assessment of the platform offering, the selection of service providers, and legal costs relating to execution of the service agreement.

The remainder of the expense increase predominantly relates to ongoing investment in core business activities, an increase in share of the costs associated with brand spend, and higher professional fees, offset by cost reductions due to business restructuring, and transfer of costs relating to DIY superannuation administration support from Perpetual Investments.

1H12 depreciation and amortisation expense increased by \$0.1 million on 1H11 to \$3.1 million, primarily due to an increase in amortisation associated with the client management system, offset by lower amortisation of identifiable intangibles associated with the acquired businesses. Compared to 2H11, depreciation and amortisation expense reduced by \$0.2 million in 1H12.

1H12 equity remuneration expense was \$0.4 million, a decrease of \$0.7 million on 1H11 and 2H11. Equity remuneration in 1H12 was lower due to the write-back of previously amortised Long Term Incentives (LTIs).

Funds under advice (FUA)

FUA at end of	1H11 \$b	2H11 \$b	Net flows \$b	Other ⁽¹⁾ \$b	1H12 \$b
Financial advisory:					
› superannuation	3.5	3.5	(0.1)	(0.1)	3.3
› non-superannuation	2.3	2.2	-	(0.2)	2.0
	5.8	5.7	(0.1)	(0.3)	5.3
Fiduciary services:					
› philanthropic	1.2	1.2	-	(0.1)	1.1
› trust and estates	1.8	1.8	(0.1)	-	1.7
	3.0	3.0	(0.1)	(0.1)	2.8
Total funds under advice	8.8	8.7	(0.2)	(0.4)	8.1

⁽¹⁾ Includes reinvestments, distributions, income and change in market value.

Private Wealth's FUA at the end of 1H12 decreased by 7% from the end of 2H11, to \$8.1 billion. Average 1H12 FUA was \$8.2 billion or 4% lower than in 1H11 and 7% lower than in 2H11. This decrease in average FUA reflects the unfavourable impact of the decline in investment markets, along with reduced gross inflows. At the end of 1H12, around 52% of Private Wealth's FUA was invested in equities.

Private Wealth is well placed to accelerate its growth once markets stabilise and a turnaround in investor sentiment occurs.

Corporate Trust

Corporate Trust is a leading provider of corporate trustee, mortgage and transaction support services to the financial services industry. Products and services include trustee services for mortgage-backed and other securitisation programs for major banks and non-bank organisations; regulatory compliance services for fund managers; custody, unit registry and accounting services for property and mortgage funds; trusteeships for corporate debt issues, infrastructure projects and other structures; and mortgage processing services for financial institutions.

Financial summary

Profit Before Tax

Corporate Trust's 1H12 profit before tax decreased by 39% or \$6.0 million on 1H11, to \$9.3 million. The decrease in profit is primarily attributable to:

- The absence of one-off fees of around \$2 million in Mortgage Services in 1H11 to accommodate variations in service contracts;
- the \$2 million decline in revenue within Trust and Fund Services, primarily as a result of a decline in securitisation FUA and margin due to changes in the client and asset class mix; and
- the decline in Mortgage Services earnings, primarily driven by a contraction in new loan mortgage processing volumes and margins due to changes in the client and matter type mix.

1H12 profit before tax decreased by 7% or \$0.7 million on 2H11. This decrease is primarily attributable to:

- The absence of Trust and Fund Services benefiting from fees of \$1.7 million in 2H11 for additional services provided to trusts that were experiencing financial distress, which are unpredictable in nature;
- the continued decline in FUA margin; partially offset by
- the seasonality of the mortgage industry, which generally experiences higher activity in the second half of the calendar year compared to the first half.

For the six month period	1H11 \$m	2H11 \$m	1H12 \$m
Trust and Fund Services	26.9	27.6	24.9
Mortgage Services	25.4	17.3	17.8
Total revenues	52.3	44.9	42.7
Operating expenses	(35.4)	(32.7)	(31.9)
EBITDA	16.9	12.2	10.8
Depreciation and amortisation	(1.3)	(1.9)	(1.8)
Equity remuneration expense	(0.3)	(0.3)	0.3
Profit before tax	15.3	10.0	9.3

Corporate Trust's 1H12 revenue decreased by 18% on 1H11, to \$42.7 million. Trust and Fund Services revenue declined by 7% due to the continued run-off in securitisation FUA and declines in margins in response to changes in both the client and asset type mix of new business. Mortgage Services revenue declined by 30%, reflecting the absence of one-off fees of around \$2 million received in 1H11, and a decrease in matter volumes of 9% as the housing market experienced a significant contraction in activity, with housing finance hitting a 10-year low. In addition, changes in client mix towards banks, shifts in mortgage matter types and the level of service the business provides reduced the average price per matter.

1H12 revenues decreased by 5% on 2H11, largely due to the absence of the \$1.7 million in fees received in 2H11 in Trust and Fund Services associated with trusts that were experiencing financial distress, which are unpredictable in nature, and the continued run-off of the securitisation FUA. This was partially offset by seasonality in the mortgage industry, which experiences higher activity in the second half of the calendar year.

Expenses

1H12 operating expenses decreased by 10% from 1H11 and by 2% from 2H11, to \$31.9 million. The decrease on 1H11 was a result of declines in mortgage processing volumes, as housing market activity contracted, and the delivery of operational efficiencies within Mortgage Services.

The 2% decrease on 2H11 was primarily due to the investment in and delivery of productivity initiatives, despite mortgage processing volumes increasing 11% during the period.

Funds under administration (FUA)

At end of	1H11 \$b	2H11 \$b	1H12 \$b
CMBS & ABS	28.5	26.2	23.3
RMBS – non-bank	48.9	48.3	45.5
RMBS – repos & covered bonds	77.7	76.1	83.7
RMBS – bank	54.3	55.2	53.2
Total funds under administration	209.4	205.8	205.7

FUA at the end of 1H12 decreased by 2% to \$205.7 billion when compared to the end of 1H11, with declines across most asset classes. Continuing the trend from the previous period, the largest decline was seen in the CMBS and ABS market, which still remains largely closed to new issuance.

Market volatility and global headwinds during 1H12 resulted in the Residential Mortgage Backed Securities (RMBS) being effectively closed to new issuance during the first three months of the financial year as spreads on primary RMBS widened and funding costs increased. Despite the negative sentiment, there was an increase in issuance during the latter part of the year, with the bank segment dominating issuance volumes.

The first Australian covered bond issuance took place in 1H12, with most of the major banks issuing in late November and December 2011. It is anticipated that these programs will continue to grow over the coming year. Corporate Trust was appointed as covered bond trustee for three of the four major banks. In 1H12 these banks issued \$3.5 billion of covered bonds.

Run-off rates across existing RMBS increased during 1H12 compared to FY11, reflecting the continued de-leveraging of households and the RBA decrease in the overnight cash rate increasing borrowers' ability to pay down more principal on their mortgage.

The Mortgage Services business consists of two primary service offerings: loan servicing and Perpetual Lenders Mortgage Services (PLMS). In 1H12, PLMS volumes contracted by 9% compared to 1H11 as housing activity and housing finance contracted. The pick-up in volumes in 1H12 compared to 2H11 largely reflects the seasonal nature of the housing market.

Number of matters	1H11	2H11	1H12
PLMS volumes	131,255	108,372	119,985

PLMS' primary strategy is to continue to expand its client and product base, and deliver cost efficiencies and increased EBITDA margins. The business continues to explore initiatives designed to extract further operational efficiencies and lower its cost to service without compromising service standards.

During 1H12, revenues from bank clients increased further and now represent 87% of PLMS revenues. This trend was consistent with market data suggesting that banks dominated the housing finance landscape through most of the 2011 calendar year.

PLMS revenue split by customer	1H11 %	2H11 %	1H12 %
Bank	85	84	87
Non-bank	15	16	13

Group and Support Services

Group and Support Services includes the CEO and Board and covers functions that provide support to the broader Group, including Group Finance, Strategy, Technology, Operations, Risk, Marketing, People and Culture, Investor and Media Relations, Group Legal and Company Secretariat.

Financial summary

For the six month period	1H11 \$m	2H11 \$m	1H12 \$m
Revenues	5.1	5.2	3.8
Operating expenses	(4.9)	(7.1)	(4.4)
EBITDA	0.2	(1.9)	(0.6)
Depreciation and amortisation	(0.4)	(0.4)	(0.6)
Equity remuneration expense	(0.2)	(0.2)	-
Interest expense	(1.6)	(2.0)	(1.3)
Loss before tax	(2.0)	(4.5)	(2.5)

Revenue from the Group's cash and principal investments fell in 1H12, principally in response to a reduction in interest income as cash resources were used to fund the Group's \$70 million off-market share buy-back.

Operating expenses in 1H12 of \$4.4 million were \$2.7 million lower than in 2H11 and \$0.5 million lower than in 1H11. 2H11 expenses included the costs associated with the transition of the CEO from David Deverall to Chris Ryan. The \$0.5 million costs associated with the off-market share buy-back was offset by a \$0.7 million reduction in contingent consideration payable in relation to an acquisition where certain pre-determined hurdles had not been met.

Equity remuneration expense was lower in 1H12 due to the writeback of LTIs that are unlikely to vest.

Interest expense in 1H12 was lower due to the reduction in fair value discount unwind as a large component of deferred acquisition consideration was paid in 2H11.

Consolidated Group

Group expenses

1H12 Group expenses of \$153.0 million before tax constitute a decrease of 9% and 11% relative to 1H11 and 2H11 respectively.

For the six month period	1H11 \$m	2H11 \$m	1H12 \$m
Employment	(117.3)	(117.7)	(101.0)
Occupancy	(10.4)	(10.5)	(10.4)
Administration & general	(36.7)	(43.3)	(39.0)
Interest expenses	(1.6)	(2.0)	(1.3)
Other intangibles	(2.0)	(1.8)	(1.3)
Total expenses	(168.0)	(175.3)	(153.0)

The previous table excludes \$11.1 million of expenses related to restructuring initiatives in relation to business initiatives undertaken in 1H12, which predominantly relate to the closure of the Group's global equities manufacturing capability in Dublin, and the reorganisation of retail distribution in Perpetual Investments and Marketing. These expenses are considered non-recurring and unrelated to the ongoing business activities of the Group.

The reduction in Group expenses in 1H12 to \$153.0 million from \$168.0 million and \$175.3 million in 1H11 and 2H11 respectively was principally due to a reduction in employment expenses, as a result of a reduction in FTEs and lower levels of short-term incentive and equity remuneration expenses in relation to performance hurdles. FTEs at the end of 1H12 were 1,382, compared to 1,480 at the end of 2H11 and 1,580 at the end of 1H11.

The decrease in administrative & general expenses of \$4.3 million in 1H12 compared to 2H11 was principally due to:

- A \$3.0 million decrease in professional fees;
 - of which around \$1.9 million related to Project ICE. In 1H12 Project ICE expenses were predominantly an employment related expense; and
 - around \$1.0 million decrease in audit fees associated with managed funds. These fees are subject to seasonality and are usually incurred in the first half of the calendar year; and
- A \$1.0 million decrease in IT expense which is subject to seasonality and tends to be higher in the first half of the calendar year.

1H12 administration & general expenses were \$2.3 million higher than in 1H11 due to an increase in provisions and the payment of a sub-advisory fee to the external asset manager of the Group's International Share fund. This was partially offset by a \$0.7 million reduction in contingent consideration for an acquisition where certain pre-determined hurdles had not been met.

Tax expense

Perpetual's average tax rate in 1H12 was 30% (1H11: 31% and 2H11: 31%), calculated from underlying profit before tax (UPBT). The 1H12 tax rate benefited primarily from the discontinuation of the loss making overseas operation in Dublin, for which no income tax benefit has been recognised in the financial statements, and a reduction in the level of amortisation expense of acquired intangible assets in the Australian operations, which is non-deductible.

Significant Items

The Group separately discloses as a significant item certain items, as determined by management, that are either significant by virtue of their size and impact on statutory NPAT attributable to equity holders of Perpetual Limited, or are deemed to be outside normal operating activities. Significant items are excluded from UPAT.

For the six month period	Profit/(loss) before tax			Profit/(loss) after tax		
	1H11	2H11	1H12	1H11	2H11	1H12
Significant items:						
1. EMCF gains	8.5	5.4	-	6.0	3.8	-
2. Gain/(loss) on sale of investments ⁽¹⁾	2.2	2.0	(2.8)	1.6	1.9	(2.2)
3. Private equity proposal response costs	(4.3)	(0.1)	-	(3.0)	(0.1)	-
4. Impairment of intangible assets	(10.6)	(4.1)	-	(10.6)	(4.1)	-
5. Restructuring expenses	-	(9.1)	(11.1)	-	(6.4)	(10.2)
6. Gain on disposal of business	-	-	0.6	-	-	0.6
Total significant items	(4.2)	(5.9)	(13.3)	(6.0)	(4.9)	(11.8)

(1) Net of non-controlling interests.

1. Perpetual Exact Market Cash Funds (EMCF)

The EMCF products are investment funds managed by the Group that invest in a diversified portfolio of cash and credit securities that offer investors a guaranteed return equivalent to the UBS Bank Bill Index. The Group delivers the guaranteed return to investors via a swap agreement.

For the six month period	1H11 \$m	2H11 \$m	1H12 \$m
Hold to maturity gains versus benchmark	8.5	5.4	-
Tax expense	(2.5)	(1.6)	-
Profit after tax^{(1) (2)}	6.0	3.8	-

- (1) Under the swap agreement, over and underperformance against the index is cash settled on a monthly basis between the Group and the EMCF.
- (2) As the majority of the unrealised losses in EMCF1 were recognised as at the end of FY11, its financial performance will now form part of UPAT. The EMCF1 gains after tax for 1H12 were \$1.3 million.

In March 2009, the Group announced a change to the swap valuation methodology between EMCF1 and Perpetual. The underlying investments are now valued on a hold-to-maturity basis for unit pricing purposes, which is consistent with the way in which Perpetual now manages the portfolio. The underlying assets for EMCF1 were valued at their fair value at the date of change, which for many assets was at a discount to their maturity value. The discount to maturity value will be amortised over the remaining term of the assets. This change in valuation methodology has no impact on the investment returns to investors in EMCF1.

As investments mature in EMCF1, proceeds are used to meet redemptions or are reinvested in bank bills or cash, in line with the Group's decision to reduce risk on its balance sheet. As assets in the portfolio mature, the unrealised mark-to-market losses recorded in prior years are being recovered.

The majority of the unrealised mark-to-market losses in the EMCF1 portfolio have now been recovered and the remainder are expected to be recovered as the portfolio matures. The average maturity of the portfolio at the end of 1H12 was around 1.7 years. The recovery rate of unrealised losses is expected to continue to decline over time as securities in the portfolio continue to mature at their face value.

At end of	1H11 \$m	2H11 \$m	1H12 \$m
EMCF1	514.9	383.6	287.3
EMCF2	504.0	512.8	513.7
Total EMCF liabilities	1,018.9	896.4	801.0

Total funds invested in the EMCF products have reduced over the last six months by around 11%. Since the end of 1H09, the EMCF1 has reduced by around \$1.5 billion or 84%, whilst the EMCF2 has experienced growth of around \$180 million or 52%.

At the end of 1H12, the carrying value of EMCF1 assets was \$283.4 million (compared to \$382.9 million at the end of 2H11) and was at a deficit to the fair value of its liabilities by \$3.9 million, compared to a deficit of \$0.7 million at the end of 2H11.

EMCF2 was established in July 2008. It has a similar structure to EMCF1 but has specific rules that govern the withdrawal of funds. EMCF2 assets are held on a hold-to-maturity basis for unit pricing purposes. At the end of 1H12, the carrying value of EMCF2 assets was \$514.8 million (compared to \$516.2 million at the end of 2H11), which exceeded their liabilities by \$1.1 million, compared to a surplus of \$3.4 million at the end of 2H11. The financial performance of EMCF2 is reported in the cash and fixed income asset class in Perpetual Investments.

2. Profit/(loss) on investments

For the six month period	1H11 \$m	2H11 \$m	1H12 \$m
Profit on sale of part of investment portfolio/seed funds	2.8	2.8	-
Impairment of available for sale securities	(0.6)	(0.8)	(2.8)
Total profit/(loss) before tax on investments	2.2	2.0	(2.8)
Income tax benefit/(expense)	(0.6)	(0.1)	0.6
Total profit/(loss) after tax on investments⁽¹⁾	1.6	1.9	(2.2)

(1) Net of non-controlling interests.

In 1H12, the Group incurred a loss on investments of \$2.2 million after tax, compared to a profit of \$1.6 million and \$1.9 million after tax in 1H11 and 2H11 respectively. Profit or loss on investments relates to gains/losses on sales or impairment of the underlying investments in managed funds which are predominantly exposed to equity markets. These funds relate to the seeding of new investment strategies.

3. Private equity proposal response costs

No such costs were incurred in 1H12.

4. Impairment of intangible assets

No impairment charges were incurred in 1H12.

5. Restructuring expenses

For the six month period	1H11 \$m	2H11 \$m	1H12 \$m
Restructuring expense	-	9.1	11.1
Tax benefit	-	(2.7)	(0.9)
Restructuring expense after tax	-	6.4	10.2

In 1H12, the Group incurred \$10.2 million in after tax restructuring expenses. These expenses relate to the Group's decision to:

- close its global equities manufacturing capability in Dublin and transfer the management of funds to Wellington Management, as announced in August 2011;
- restructure its domestic retail distribution in Perpetual Investments to support product flows and take advantage of growth opportunities; and
- close its in-house creative agency within the Marketing function.

6. Gain on disposal of business

The sale of the smartsuper business on 12 August 2011 exceeded the carrying value at the end of FY11, resulting in a gain in 1H12 of \$0.6 million.

Capital Management

The Group manages its capital and liquidity to sustain a strong and flexible balance sheet. It has adopted a conservative and prudent policy to ensure the Group:

- can efficiently support all of its businesses;
- retains sufficient surplus capital to provide for uncertainty and operational risk that resides within the businesses;
- can maintain adequate liquidity to ensure financial flexibility; and
- has capital resources to take advantage of inorganic growth opportunities as they arise.

As part of its commitment to more actively manage its capital, the Group completed a \$70 million off-market share buy-back on 17 October 2011 for 3.3 million shares or 7.5% of the issued capital of Perpetual Limited. The buy-back price was \$20.90 per share, which represented a discount to the market price of 10%. The capital component was \$9.22 per share and the balance of \$11.68 was paid in the form of a fully franked dividend.

The Group uses a risk-based capital model based on the Basel II framework to assess its capital requirements. The model requires capital to be set aside for operational, credit and market risk and any known capital commitments. The amount of economic capital assessed by the model exceeds the Group's \$57.5 million of regulatory capital needs by more than two times. At the end of 1H12, total economic capital requirements were around \$124 million, compared to around \$138 million of available liquid funds.

In November 2011, ASIC released new financial requirements for responsible entities (REs) of managed investment schemes (MISs) that will apply from 1 November 2012. The changes aim to ensure REs have adequate resources to meet operating costs and there is appropriate alignment with the interest of investors. Under the changes, which are the first significant changes in more than a decade to the rules covering financial requirements for MISs, REs must prepare 12-month cash-flow projections which must be approved at least quarterly by directors.

To meet the new net tangible asset (NTA) capital requirements, REs must hold the greater of \$150,000; 0.5% of the average value of scheme property (capped at \$5 million); or 10% of the average RE revenue (uncapped).

A liquidity requirement has also been introduced where an RE must hold at least 50% of its NTA requirement in cash or cash equivalents, and an amount equal to the NTA requirement in liquid assets.

Had the new rules been in existence as at 31 December 2011, the Group's regulatory capital requirements would have increased by approximately \$15 million to approximately \$72.5 million. This compares to the \$138 million of available liquid funds that the Group held at that time.

The Group maintains a conservative balance sheet, which has continued to be de-risked following the difficult trading environment experienced in prior periods. During 1H12, the Group has continued to execute a number of strategies to strengthen its balance sheet, including:

- continuing to improve the overall credit quality of the Group's risk assets and reduce exposure to structured products on the balance sheet;
- maintaining a committed debt facility from its long-term banking partner for \$70.0 million, drawn to \$45.0 million. \$25.0 million remains undrawn as at 23 February 2012; and
- focusing on ensuring strong discretionary expense discipline across each business unit and support group.

Interest rate risk

Perpetual's balance sheet is subject to interest rate risk.

The Group generates positive cash flows from operations from a relatively light capital structure. Cash balances are held in high quality credit and highly liquid investment funds managed by the Group. These investments generally invest in short-term assets and earn a variable interest rate.

Perpetual has both corporate and operational debt facilities. The corporate facility has a variable interest rate. As at 23 February 2012, there are no interest rate hedges against the drawn portion (\$45 million) of this facility.

Operational debt facilities are used to finance clients into capital protected investment products. The facilities are a combination of fixed and variable rate borrowings used to finance a combination of fixed and variable rate structured product loans. To minimise interest rate risk between these fixed rate assets and variable rate liabilities, management uses interest rate swaps to broadly match fixed rate assets to floating rate liabilities.

Credit risk

Credit risk is the risk of default and change in the credit quality of issuers of securities, counterparties and intermediaries to whom the Group has exposure.

The Group is subject to credit risk in the following areas:

- all cash and cash equivalent balances are subject to credit risk as they represent deposits made by the Group with external banks and other institutions. The Group primarily invests its corporate cash balances in cash funds managed by the Group;
- the Group is exposed to the performance of assets held in the EMCF products through a swap agreement, where the Group pays a return based on the UBS Bank Bill Index and receives the return on the underlying portfolio, which contains credit and market risks; and
- the Group is exposed to credit risk on its loan assets to PPI clients. This risk is generally limited to 6% of the outstanding loan book for Series 1 and 2, and 7% of the outstanding loan book for Series 3 as the borrowings used to fund these loans are limited recourse in nature.

The Group limits the number of counterparties upon which it is willing to take credit risk. This can lead to concentrations of credit risk. The Group does not expect any counterparties to fail to meet their obligations beyond what has been provided for in the carrying value of those assets.

Equity risk

Equity risk is the risk of change in value of an issued equity security to which the Group has an exposure.

The Group is subject to equity risk from its investments in managed funds. These investments 'seed' new investment funds for the Group to develop a track record and examine the viability of the fund to the investment community. If the investment fund is successful, the fund is opened to third party investors.

Market risk

The Group's revenue is significantly dependent on FUM and FUA, which are influenced by equity market movements. Management calculates the expected impact on revenue, across all of its businesses, for each 1% movement in the All Ords. Based on the level of the All Ords at the end of 1H12, a 1% movement in the market changes annualised revenue by approximately \$1.5 million to \$2.0 million. It is worth noting that this movement is not linear to the overall movement in the market. This means that as the market reaches higher or lower levels, a 1% movement may have a larger or smaller effect on revenue as FUM and FUA are comprised of both equity market and non-equity market-sensitive asset classes. Note that the above revenue sensitivity is a guide only and may vary due to a number of factors, including but not limited to:

- equity funds under the Group's management and advice performing broadly in line with the All Ords;
- the impact of FUM and FUA flows, both inflows and outflows, and their timing; and
- changes in channel and product mix, and pricing policy can also affect the level of revenue earned from the Perpetual Investments and Private Wealth businesses.

Operational risk

Operational risk is the risk arising from the daily functioning of the Group's businesses. Operational risk is mitigated through internal controls, active management overview and regular reviews by our independent Risk Group function.

Each business and support head is responsible for identifying risks within their businesses and ensuring they are appropriately managed. The Risk Group assists the business by providing the framework, tools, advice and assistance to enable the business to effectively identify, assess and manage risk.

The Board of Directors oversees the risk management within the business, ensuring it is within an accepted risk tolerance range, and that all organic and inorganic business initiatives are consistent with the Group's strategy and conducted ethically, responsibly and with the highest degree of integrity. The Board's oversight of risk management is assisted by the Audit Risk and Compliance Committee (ARCC).

ARCC's main responsibilities are to oversee Group accounting policies and practices; the integrity of financial statements and reports; the scope, quality and independence of external audit arrangements; the monitoring of the internal audit function; the effectiveness of risk management policies; and the adequacy of insurance.

Financial strength

At end of		1H11	2H11	1H12
Total equity	\$m	371.8	376.1	290.0
Cash	\$m	175.3	220.3	122.6
Corporate debt	\$m	(45.0)	(45.0)	(45.0)
Net cash	\$m	130.3	175.3	77.6
Debt to capital ratio (corporate debt/corporate debt + equity) ⁽¹⁾	%	10.8	10.7	13.4
Interest coverage calculation (EBITDA/interest expense) ⁽²⁾ for the period ended	times	48x	33x	48x
Net tangible assets per share	\$	4.56	4.50	2.91

⁽¹⁾ Excludes structured product loans, which are operational debt used to fund PPI loans.

⁽²⁾ EBITDA represents earnings before interest, taxation, depreciation, amortisation of intangible assets, equity remuneration expense and significant items.

At the end of 1H12, Perpetual's gross corporate debt was \$45.0 million. The Group's gearing ratio increased during 1H12 to 13.4% from 10.7% at the end of 2H11 due to the impact of the off-market share buy-back (which reduced total equity by around \$70 million), but remains well within its stated risk appetite limit of 30%. 1H12 interest coverage at 48 times is unchanged from 1H11 and stronger than 2H11, and is also well in excess of financial covenant requirements. Financial covenants under the debt facilities include minimum shareholders' funds, leverage ratios and interest coverage ratios and limits on operational debt. At the end of 1H12, the Group was in compliance with all of its debt covenants.

As at the end of 1H12, the Group has a committed bank corporate debt facility of \$70.0 million. At 23 February 2012, \$45.0 million was drawn down under this facility.

Corporate debt is currently sourced from one long-term banking relationship with a domestic bank. The current facility has greater than 12 months to expiry.

The Group actively manages liquidity risk by preparing cash flow forecasts for future periods, reviewing them regularly with senior management, maintaining a committed credit facility and engaging regularly with its debt providers.

Net tangible assets per share decreased from \$4.50 at the end of 2H11 to \$2.91 at the end of 1H12 due to the impact of the off-market share buy-back, which was completed during 1H12.

Cash flow

For the six month period	1H11 \$m	2H11 \$m	1H12 \$m
Net cash provided by operating activities	25.1	89.4	9.5
Net cash provided by/(used in) investing activities	0.9	(16.9)	(0.8)
Net cash used in financing activities	(38.2)	(27.5)	(106.4)
Net increase/(decrease) in cash and cash equivalents	(12.2)	45.0	(97.7)

1H12 operating cash flows of \$9.5 million represent the underlying cash flows from the operating businesses, including significant items. 1H12 operating cash flows declined by around \$16 million compared to 1H11 primarily due to:

- a \$26.2 million decrease in revenue; offset by
- a \$10.2 million decrease in operating expenses relating to staff, occupancy and administrative expenses.

1H12 operating cash flows decreased by around \$80 million compared to 2H11 primarily due to:

- approximately \$22 million decrease in revenue in 1H12 versus 2H11;
- approximately \$15 million decrease in receivables in 2H11 versus 1H12;
- approximately \$10 million decrease in structured product interest in 1H12 as these receipts are generally received in the June quarter; and
- approximately \$22 million increase in cash expenses in 1H12 due to variable remuneration which is generally paid in the September quarter.

Cash flows used in investing activities includes seed fund investments, earn-out payments in relation to acquisitions and predominantly software related capital expenditure within the Group.

Cash used in financing activities principally relates to the payment of the Group's dividends and share transactions involving cash. The \$68.2 million increase in cash used in financing activities between 1H12 and 1H11 was principally due to the \$70 million off-market share buy-back completed in the period. Dividends paid in 1H12 in relation to the FY11 final dividend were \$5.4 million lower than were paid in 1H11 in relation to the FY10 final dividend, reflecting the reduction in the dividend paid per share. In 1H12 no new shares were issued to shareholders who participated in the FY11 final dividend reinvestment plan, in contrast to 1H11 when \$7.4 million of new shares were issued to satisfy shareholders who participated in the dividend reinvestment plan in the FY10 final dividend. In 1H12 the Group received an inflow of \$4.8 million from the sale of units within a seed fund to external investors.

Summary Consolidated Balance Sheet

At end of	1H11 ⁽¹⁾ \$m	2H11 ⁽¹⁾ \$m	1H12 ⁽¹⁾ \$m
Assets			
Cash and cash equivalents	175.3	220.3	122.6
Liquid investments	56.8	53.7	42.8
Assets held for sale	-	0.8	-
Structured products – PPI loans to clients	160.1	151.1	116.4
Goodwill and other intangibles	122.3	117.6	116.3
Software intangibles	30.2	30.7	30.4
Other assets	152.5	143.5	135.5
Total assets	697.2	717.7	564.0
Liabilities			
Corporate loan facility	45.0	45.0	45.0
Liabilities held for sale	-	0.9	-
Structured products – PPI finance facilities	162.8	151.5	119.5
Other liabilities	117.6	144.2	109.5
Total liabilities	325.4	341.6	274.0
Net assets	371.8	376.1	290.0
Shareholder funds			
Contributed equity	224.3	245.1	222.7
Reserves	53.5	44.2	32.5
Retained earnings	88.7	76.7	22.9
Total shareholder funds	366.5	366.0	278.1
Minority interest	5.3	10.1	11.9
Total equity	371.8	376.1	290.0

⁽¹⁾ Note: excludes the offsetting asset and liability for the EMCF structured product. At 1H12, the EMCF asset was \$798.2 million, with the liability being \$801.0 million. At 2H11, the EMCF asset was \$899.1 million, with the liability being \$896.3 million. At 1H11, the EMCF asset was \$1,020.0 million, with the liability being \$1,018.9 million. The net asset of \$1.1 million at 1H11, \$2.8 million at 2H11 has been included with Other assets and the net liability of \$2.8 million at 1H12 has been included with Other liabilities.

Cash and cash equivalents fell in 1H12 to \$122.6 million a decline of around \$98 million, principally as a result of the funds utilised to complete the \$70 million off-market share buy-back and a reduction in other liabilities (principally payment of accrued employee benefits and a reduction in payables and structured products income received in advance).

Liquid investments decreased in 1H12 due to a combination of the fall in equity markets and the partial redemption of certain seed fund investments.

PPI loans to clients continued to decline in 1H12 due to loan repayments from clients. This, in turn, has reduced the PPI finance facility liability by a similar amount.

Goodwill and other intangibles decreased in 1H12 due to the amortisation of identifiable intangibles.

The expected amortisation for FY12 and the next three financial years of existing identifiable intangible assets that have arisen in recent acquisitions is as follows:

	FY12 \$m	FY13 \$m	FY14 \$m	FY15 \$m
Amortisation of identifiable intangibles ⁽¹⁾	2.4	1.8	1.8	1.7

⁽¹⁾ Based on \$13.4 million net book value at the end of 1H12.

As the Group continues to acquire businesses in line with its strategic goals, the level of identifiable intangible assets carried on the balance sheet is likely to increase, which in turn will increase the amortisation of identifiable intangible assets.

Shareholder funds declined by around \$88 million predominantly due to the \$70 million off-market share buy-back and \$40 million in dividends in respect of the FY11 year, offset by \$22.9 million of statutory NPAT for 1H12.

The minority interest comprises third party interests in a consolidated fund managed by the Group.

Appendix A: Additional financial information

	1H11					2H11					1H12				
	Perpetual Investments	Private Wealth	Corporate Trust	Group & Support Services	Total	Perpetual Investments	Private Wealth	Corporate Trust	Group & Support Services	Total	Perpetual Investments	Private Wealth	Corporate Trust	Group & Support Services	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Operating revenue	112.8	56.9	52.3	5.1	227.1	112.2	59.3	44.9	5.2	221.6	99.1	56.8	42.7	3.8	202.4
Operating expenses	(65.2)	(45.1)	(35.4)	(4.9)	(150.6)	(65.8)	(49.3)	(32.7)	(7.1)	(154.9)	(55.2)	(48.4)	(31.9)	(4.4)	(139.9)
EBITDA	47.6	11.8	16.9	0.2	76.5	46.4	10.0	12.2	(1.9)	66.7	43.9	8.4	10.8	(0.6)	62.5
Depreciation & amortisation	(2.7)	(3.0)	(1.3)	(0.4)	(7.4)	(2.7)	(3.3)	(1.9)	(0.4)	(8.3)	(2.0)	(3.1)	(1.8)	(0.6)	(7.5)
Equity remuneration expense	(6.8)	(1.1)	(0.3)	(0.2)	(8.4)	(8.5)	(1.1)	(0.3)	(0.2)	(10.1)	(4.2)	(0.4)	0.3	-	(4.3)
EBIT	38.1	7.7	15.3	(0.4)	60.7	35.2	5.6	10.0	(2.5)	48.3	37.7	4.9	9.3	(1.2)	50.7
Interest expense	-	-	-	(1.6)	(1.6)	-	-	-	(2.0)	(2.0)	-	-	-	(1.3)	(1.3)
UPBT	38.1	7.7	15.3	(2.0)	59.1	35.2	5.6	10.0	(4.5)	46.3	37.7	4.9	9.3	(2.5)	49.4
Tax					(18.1)					(14.4)					(14.7)
UPAT					41.0					31.9					34.7
EMCF					6.0					3.8					-
Gain/loss on sale/impairment of investments					1.6					1.9					(2.2)
Private equity proposal response costs					(3.0)					(0.1)					-
Impairment of Intangible Assets					(10.6)					(4.1)					-
Restructuring expenses										(6.4)					(10.2)
Gain on disposal of business															0.6
Statutory NPAT to PPT equityholders					35.0					27.0					22.9

Appendix B: Average FUM table

Average FUM	1H09 \$b	2H09 \$b	1H10 \$b	2H10 \$b	1H11 \$b	2H11 \$b	1H12 \$b
Australian equities	16.9	13.8	17.8	18.7	18.9	19.8	16.9
Global equities	1.2	1.1	1.3	1.3	1.1	1.0	0.9
Quantitative investments	1.2	1.0	0.9	0.4	0.1	0.0	0.0
Total Equities	19.3	15.9	20.0	20.4	20.1	20.8	17.8
Cash and fixed income	7.9	7.6	7.3	6.8	6.2	6.0	5.4
Other	1.2	1.1	1.1	1.2	1.2	1.2	1.1
Total average FUM	28.4	24.6	28.4	28.4	27.5	28.0	24.3

Appendix C: Recent ASX announcements

Full text of these announcements can be found at:

<http://shareholders.perpetual.com.au/phoenix.zhtml?c=171717&p=irol-news&nyo=0>

26 August 2011	Preliminary Final Report (Appendix 4E) for the year ended 30 June 2011 PPT ASX Announcement Full Year Results PPT ASX Announcement of Buy-Back – Appendix 3C PPT PPT Off Market Share Buy-back MD&A to 30 June 2011 Financial Statements for the year ended 30 June 2011 Directors' Report to 30 June 2011 Market briefing presentation – Full year results for the year ended 30 June 2011
26 August 2011	Funds under Management as at 31 July 2011
30 August 2011	Letter and Booklet re Off Market Buy-Back
01 September 2011	Appendix 3B PPT
09 September 2011	PPT Buy-Back Booklet and Tender Forms
14 September 2011	Funds under Management as at 31 August 2011
20 September 2011	Director Appointment/Resignation – Meredith Brooks
21 September 2011	PPT - DRP Final Dividend Allocation Price
26 September 2011	PPT - Off Market Tender Buy-Back
30 September 2011	Annual Report to Shareholders – PPT Notice of Annual General Meeting/Proxy Form - PPT
05 October 2011	Perpetual targets wider product offer and revenue growth with platform administration agreement
10 October 2011	Perpetual Limited: Fund under Management as at 30 September 2011
14 October 2011	Perpetual Off Market Buy-Back Market Price 14 October 2011
17 October 2011	Final Share Buy-Back Notice – 3F- PPT PPT Buy-Back Result Announcement 17 October 2011
21 October 2011	PPT – Form 484 Lodgement with ASIC
3 November 2011	PPT - 2011 AGM Addresses to Shareholders PPT - 2011 AGM Media Release Results of Meeting - PPT
14 December 2011	Media Release: Appointment of Perpetual Investments Head and Deputy Head of Equities

25 January 2012	PPT – Funds under Management as at 31 December 2011
06 February 2012	Director Appointment/Resignation – PPT Geoff Lloyd appointed as Perpetual’s Chief Executive Officer and Managing Director
07 February 2012	Final Director’s Interest Notice – C. Ryan Initial Director’s Interest Notice – G. Lloyd
15 February 2012	Market update

Glossary

1H10	Financial reporting period for the six months ended 31 December 2009
2H10	Financial reporting period for the six months ended 30 June 2010
1H11	Financial reporting period for the six months ended 31 December 2010
2H11	Financial reporting period for the six months ended 30 June 2011
1H12	Financial reporting period for the six months ended 31 December 2011
2H12	2H12 refers to the financial reporting period for the six months ending 30 June 2012
ABS	Asset backed securities
AOFM	Australian Office of Financial Management
ARCC	Audit Risk and Compliance Committee
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
bps	Basis point (0.01 of 1%)
CMBS	Commercial mortgage backed securities
DRP	Dividend Reinvestment Plan
EBITDA	Earnings before interest, tax, depreciation and amortisation of intangible assets, equity remuneration expense and significant items
EMCF	Perpetual Exact Market Cash Fund
EPS	Earnings per share
Finsia	Financial Services Institute of Australasia
FUA	Funds under advice or funds under administration
FUM	Funds under management
FY10	Financial year ended 30 June 2010
FY11	Financial year ended 30 June 2011
FY12	Financial year ending 30 June 2012
LTI	Long-term incentive
NPAT	Statutory net profit after tax
PLMS	Perpetual Lenders Mortgage Services
PPI	Perpetual Protected Investments
RBA	Reserve Bank of Australia
RMBS	Residential mortgage backed securities
SMSF	Self managed superannuation fund
UPAT	Underlying profit after tax