

PERPETUAL LIMITED

ABN 86 000 431 827

AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL STATEMENTS

31 DECEMBER 2010

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
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PERPETUAL LIMITED
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DIRECTORS' REPORT

The directors present their report together with the condensed consolidated financial statements of Perpetual Limited, ("Perpetual" or the "Company") and its controlled entities (the "consolidated entity"), for the half-year ended 31 December 2010 and the independent auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Peter B Scott, Chairman and Independent Director
BE (Hons), M.Eng.Sc (Age 56)

Appointed as a director in July 2005 and Chairman on 26 October 2010. He was formerly the Chief Executive Officer of MLC, an Executive General Manager of National Australia Bank and held a number of senior positions with Lend Lease. He is Chairman of Sinclair Knight Merz Pty Limited and a director of Stockland Corporation Limited. Mr Scott is an advisory board member of Pilotlight Australia and an advisory panel member of Laing O'Rourke Australia. He is Chairman of Perpetual's Nominations Committee.

Mr Scott has more than 20 years of senior business experience in publicly listed companies and extensive knowledge of the wealth management industry.

Listed company directorships held during the past three financial years:

- Stockland Corporation Limited from August 2005 to the present

Paul V Brasher, Independent Director
BEc (Hons), FCA (Age 60)

Appointed director in November 2009. Mr Brasher was formerly Chairman of the Global Board of PricewaterhouseCoopers International. He previously chaired the Board of PricewaterhouseCoopers' Australian firm and held a number of other senior management and client services roles during his career with the firm. Mr Brasher was Client Service Partner and /or Lead Engagement Partner for some of the firm's most significant clients. He also spent significant periods working with PricewaterhouseCoopers in the US and UK. Mr Brasher is currently a director of Incitec Pivot Limited, Chairman of the Reach Foundation and a Board member of the Victorian Arts Centre Trust. He is a member of Perpetual's Audit Risk and Compliance Committee and People and Remuneration Committee.

Mr Brasher brings to the board his local and global experience as a senior executive and director, particularly in the areas of strategy, audit and risk management and public company governance.

Listed company directorships held during the past three financial years:

- Incitec Pivot Limited from September 2010 to the present

Meredith J Brooks, Independent Director
BA, FIAA (Age 49)

Appointed as a director in November 2004. She was formerly Managing Director, US Institutional Investment Services for Frank Russell Company based in New York. Prior to that she held the position of Managing Director of Frank Russell Australasia for five years and was previously Director, European Funds based in London. Ms Brooks is Chair of Synergy & TaikOz Limited, Critical Path Incorporated and has been appointed to the industry advisory board of Macquarie University Faculty of Business and Economics. She is a member of Perpetual's Audit Risk and Compliance Committee and Investment Committee.

Ms Brooks brings to the board over 20 years of senior funds management experience both in Australia and internationally.

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DIRECTORS' REPORT (continued)

Directors (continued)

Philip Bullock, Independent Director
BA, MBA, GAICD, Dip. Ed. (Age 57)

Appointed director in June 2010. Mr Bullock was formerly Vice President, Systems and Technology Group, IBM Asia Pacific, Shanghai, China. Prior to that he was CEO and Managing Director of IBM Australia and New Zealand in a career spanning almost 30 years in the Asia Pacific region. Mr Bullock is a director of CSG Limited. He also provides advice to the Federal Government, through his role as Chair of Skills Australia, as a member of the Education Investment Fund and a member of the recently concluded, National Resources Sector Employment Taskforce. He is a member of Perpetual's Investment Committee and People and Remuneration Committee.

Mr Bullock brings to the board broad management experience in Australia and Asia in technology, sales and client management, product and brand management, industry solutions and equity joint ventures.

Listed company directorships held during the past three financial years:

- Healthscope Limited from September 2007 to October 2010
- CSG Limited from August 2009 to the present

E Paul McClintock AO, Independent Director
BA, LLB (Age 61)

Appointed as a director in April 2004. He is Chairman of Thales Australia, Medibank Private Limited and the COAG Reform Council and has served as Secretary to Cabinet and Head of the Cabinet Policy Unit in the Australian Government. He is Chairman of Perpetual's Investment Committee and a member of the Nominations Committee and People and Remuneration Committee.

Mr McClintock brings to the board over 30 years experience as a legal adviser, investment banker and senior policy adviser to Government and corporations.

Listed company directorships held during the past three financial years:

- Symbion Health Limited (Chairman) from June 2005 to February 2008
- Intoll Management Limited (formerly Macquarie Infrastructure Investment Management Limited) from May 2003 to December 2010

Elizabeth M Proust AO, Independent Director
BA (Hons), LLB, FAICD (Age 60)

Appointed as a director in January 2006. She was formerly Managing Director of Esanda, part of the ANZ Group. Prior to joining ANZ she was Secretary (CEO) of the Victorian Department of the Premier and Cabinet and Chief Executive Officer of the City of Melbourne. She is currently Chairman of Nestlé Australia Ltd and St George Bank Advisory Council in Victoria, a director of Spotless Group Limited, Insurance Manufacturers of Australia Pty Ltd and Sinclair Knight Merz Pty Ltd. She is Chairman of Perpetual's People and Remuneration Committee and a member of Perpetual's Audit Risk and Compliance Committee and Nominations Committee.

In addition to her skills from her leadership roles in significant change management programs, Ms Proust brings to the board her strengths in human resources, public affairs and strategy development, and her strong knowledge of board processes and governance through her many senior executive and board roles.

Listed company directorships held during the past three financial years:

- Spotless Group Limited from June 2008 to the present

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DIRECTORS' REPORT (continued)

Directors (continued)

Philip J Twyman, Independent Director
BSc, MBA, FAICD (Age 66)

Appointed as a director in November 2004. He was formerly Group Executive Director of the London-based Aviva plc, one of the world's largest insurance groups with extensive fund management and wealth management businesses. Mr Twyman was also formerly Chairman of Morley Fund Management, a director of the Quilter Group, a UK private client stockbroker, and a senior executive of AMP in Australia. He has also been Chief Financial Officer of General Accident plc, Aviva plc and the AMP Group. Since returning to Australia, Mr Twyman has joined the board of IAG Limited, Medibank Private Limited and the local boards of the Swiss Re Group. He is also Chairman of ANZ Lenders Mortgage Insurance Pty Ltd and Overseas Council Australia. He is Chairman of Perpetual's Audit Risk and Compliance Committee and a member of the Investment Committee and Nominations Committee.

As an experienced international executive and director, Mr Twyman brings to the Perpetual board his background in financial services, investment and wealth management together with considerable practical experience in relation to the audit and risk management issues faced by public companies in Australia and overseas.

Listed company directorships held during the past three financial years:

- IAG Limited from July 2008 to the present

Chris Ryan, Managing Director
B. Bus. (Age 51)

Commenced employment with Perpetual Limited on 14 February 2011 as Chief Executive Officer and appointed as Managing Director on 23 February 2011. Prior to his appointment as Managing Director and CEO of Perpetual, Mr Ryan's career included over 30 years of financial services experience in the Asia Pacific region. He led the regional asset management businesses of three of the industry's major international players: HSBC, ING Investment Management, and Fidelity International. While CEO of ING Investment Management Asia Pacific, Mr Ryan was responsible for the firm's operations in 13 locations across Asia. This included ING Investment Management Australia, with over US\$30 billion in assets under management. Most recently, Mr Ryan held an advisory role with Citibank's global transaction services business.

Mr Ryan brings to Perpetual extensive international and domestic experience in the financial services industry together with demonstrated leadership skills as a chief executive officer.

David M Deverall, Managing Director
BE (Hons), MBA (Stanford) (Age 44)

Appointed Managing Director and Chief Executive Officer in September 2003. Mr Deverall gave notice of his resignation on 23 June 2010 and retired as a director of the Perpetual Limited board on 23 February 2011.

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DIRECTORS' REPORT (continued)

Directors who resigned during the period

Robert M Savage AM, Chairman and Independent Director
FASCPAS, FAICD, FAIM (Age 69)

Appointed as a director in 2001 and as Chairman in October 2005. At the conclusion of the Annual General Meeting on 26 October 2010, Mr Savage retired as chairman and director of Perpetual Limited and as a member of the Nominations Committee and People and Remuneration Committee.

Alternate directors

Roger L Burrows, Alternate Director
BCom, CPA, MAICD (Age 47)

Alternate director for Mr Savage from December 2008 until Mr Savage's retirement at the conclusion of the AGM on 26 October 2010 and appointed as Alternate director for Peter Scott on 27 October 2010. He joined Perpetual as Chief Financial Officer in March 2008. Mr Burrows has over 25 years of experience as a senior finance executive in a diverse range of industries, including property, financial services, IT services, professional services and manufacturing. Prior to working at Perpetual, Mr Burrows was with Lend Lease for 20 years, including 3 years as Group Chief Financial Officer.

Ivan D Holyman, Alternate Director
BEc, LLB (Age 55)

Alternate director for Mr Deverall from May 2006. He joined Perpetual in June 2004 as Chief Risk Officer. Prior to joining Perpetual he held the position of Chief Operating Officer Asia Pacific for UBS Warburg and spent 19 years with UBS AG (and its predecessor organisations) in various positions. Prior to UBS AG he spent two years with Samuel Montagu & Co Limited (a UK merchant bank) and four years with Blake Dawson Waldron, solicitors.

Company secretaries

Joanne Hawkins
BCom, LLB, Grad Dip CSP FCIS

Appointed Company Secretary in June 2003. Prior to this, Ms Hawkins was Assistant Company Secretary of Macquarie Bank and Ord Minnett and was Company Secretary, National Bank of the Solomon Islands. Ms Hawkins has also worked as a solicitor and legal adviser in New Zealand. Ms Hawkins is also head of Perpetual's legal team.

Glenda Charles
Grad. Dip. Corp. Gov. ASX Listed Entities, CSA (Cert)

Joined Perpetual in August 1994. She was appointed Assistant Company Secretary of Perpetual in 1999 and Deputy Company Secretary in 2009. Ms Charles has over 15 years experience in company secretarial practice and administration and has worked in the financial services industry for over 25 years.

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DIRECTORS' REPORT (continued)

Directors' meetings

The number of directors' meetings which directors were eligible to attend (including meetings of board committees) and the number of meetings attended by each director during the half-year to 31 December 2010 were:

Director	Board		Audit Risk and Compliance Committee		Investment Committee		Nominations Committee*		People & Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
P B Scott ¹	13	13	-	-	2	2	2	2	2	2
P V Brasher	13	13	4	4	-	-	-	-	3	3
M J Brooks	13	13	4	4	3	3	-	-	-	-
P Bullock ²	13	13	-	-	3	3	-	-	3	3
E P McClintock	13	13	-	-	3	3	2	2	3	3
E M Proust	13	13	4	4	-	-	2	2	3	3
R M Savage ³	6	6	-	-	-	-	2	2	2	1
P J Twyman	13	12	4	4	3	3	2	2	-	-
D M Deverall ⁴	13	13	-	-	-	-	-	-	-	-
C Ryan ⁵	-	-	-	-	-	-	-	-	-	-

* CEO appointment was led by the Nominations Committee and discussed and subsequently approved at board meetings.

1. Peter Scott became Chairman Elect and Chairman of the Nominations Committee on 23 July 2010. At the conclusion of the Annual General Meeting held on 26 October 2010, Mr Scott became chairman of Perpetual Limited and retired as a member of the Investment Committee and People and Remuneration Committee.

2. Philip Bullock was appointed to the board on 1 June 2010 and to the Investment Committee and People and Remuneration Committee on 9 August 2010.

3. Robert Savage retired as Chairman of the Nominations Committee on 23 July 2010 but remained as a member of that committee. At the conclusion of the Annual General Meeting held on 26 October 2010, Mr Savage retired as chairman and director of Perpetual Limited and retired as a member of the Nominations Committee and People and Remuneration Committee.

4. David Deverall gave notice of his resignation on 23 June 2010 and retired from the board of Perpetual Limited on 23 February 2011. Mr Deverall's employment will formally cease with Perpetual Limited on 23 June 2011.

5. Chris Ryan commenced employment on 14 February 2011 as Perpetual's Chief Executive Officer. He was appointed as Managing Director of Perpetual Limited on 23 February 2011.

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DIRECTORS' REPORT (continued)

Review of operations

A review of operations is included in the Management Discussion and Analysis of Financial Condition and Results of Operations (MD&A).

For the half-year ended 31 December 2010, Perpetual reported a net profit after tax of \$35 million compared to the net profit after tax for the half-year ended 31 December 2009 of \$49.2 million.

The reconciliation of net profit after tax to underlying profit after tax for the half-year ended 31 December 2010 is as follows:

	6 months ended	
	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Reconciliation of underlying profit after tax		
Net profit after tax attributable to equity holders of Perpetual Limited	34,984	49,166
Add: Profit after tax attributable to non-controlling interests ¹	251	164
Net profit after tax	35,235	49,330
Add : Impairment of intangible assets	10,583	-
Add : Private equity proposal response costs (after tax)	3,013	-
Less : Profit on sale of investments (after tax)	(1,875)	(1,844)
Less : Exact Market Cash Fund gains (after tax)	(5,969)	(11,074)
Underlying profit after tax	40,987	36,412

¹ Profit after tax attributable to non-controlling interests arising from the sale of underlying investments within a seed fund.

This table has been prepared in accordance with the AICD/Finsia principles for reporting underlying profit.

Dividends

On 23 February 2011, the directors resolved to pay a fully franked interim dividend of 95 cents per share (2010:105 cents per share).

State of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

Events subsequent to reporting date

The directors are not aware of any other event or circumstance since the end of the financial period not otherwise dealt with in this report that has or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years. Events subsequent to reporting date are set out in Note 17 to the condensed consolidated financial statements.

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DIRECTORS' REPORT (continued)

Lead Auditor's Independence Declaration Under Section 307C of the *Corporations Act 2001*

The Lead Auditor's Independence Declaration is set out on page 10 and forms part of the directors' report for the half-year ended 31 December 2010.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the condensed consolidated half-year financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed on behalf and in accordance with a resolution of the directors:



Peter Scott
Chairman



David Deverall
Managing Director

Dated at Sydney this 23rd day of February 2011.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Perpetual Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2010 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'AY', with a long horizontal line extending to the right.

Andrew Yates
Partner

Sydney

23 February 2011

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 31 December 2010

	Note	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Revenue from the provision of services		217,737	193,360
Income from structured products		37,640	41,283
Investment income		7,129	6,728
	3	<u>262,506</u>	<u>241,371</u>
Staff related expenses excluding equity remuneration expense		(108,955)	(86,709)
Occupancy expenses		(10,390)	(8,237)
Administrative and general expenses		(35,566)	(29,652)
Distributions and expenses relating to structured products		<u>(26,888)</u>	<u>(25,462)</u>
Earnings before financing costs, tax, depreciation, amortisation, equity remuneration expense, profit on disposal of investments, impairment of assets and share of loss of equity accounted investees		80,707	91,311
Financing costs		(1,631)	(1,160)
Equity remuneration expense		(8,358)	(13,268)
Depreciation and amortisation expense	4	<u>(7,393)</u>	<u>(7,050)</u>
		(17,382)	(21,478)
Proceeds from sale of investments		37,310	23,555
Cost of investments disposed of		<u>(34,143)</u>	<u>(20,544)</u>
Profit on disposal of investments		3,167	3,011
Impairment of available-for-sale securities		(605)	(307)
Impairment of intangible assets		(10,583)	-
Share of loss of equity accounted investees, net of income tax		-	<u>(31)</u>
Net profit before tax		55,304	72,506
Income tax expense		(19,382)	(22,316)
Income tax expense on disposal of investments		<u>(687)</u>	<u>(860)</u>
Income tax expense	7	(20,069)	(23,176)
Net profit after tax		35,235	49,330
Profit after tax attributable to non-controlling interests		<u>(251)</u>	<u>(164)</u>
Net profit after tax attributable to equity holders of Perpetual Limited		<u>34,984</u>	<u>49,166</u>

The Statement of Comprehensive Income is to be read in conjunction with the 'Notes to the Financial Statements' set out on pages 16 to 26.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Comprehensive Income (continued)
for the half-year ended 31 December 2010

	Note	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Net profit after tax		35,235	49,330
Other comprehensive income, net of tax:			
Available-for-sale reserve			
Reclassification of available-for-sale financial assets upon impairment		605	307
Reclassification of previously impaired available-for-sale financial assets upon disposal		(878)	(170)
Net change in fair value of available-for-sale financial assets		3,445	7,460
Cash flow hedge reserve			
Effective portion of changes in fair value of cash flow hedges		226	530
Foreign currency reserve			
Foreign exchange translation differences		(1,595)	(1,459)
Other comprehensive income		1,803	6,668
Total comprehensive income		37,038	55,998
Total comprehensive income is attributable to:			
Non-controlling interests		251	164
Equity holders of Perpetual Limited		36,787	55,834
Total comprehensive income		37,038	55,998
Basic earnings per share attributable to equity holders of Perpetual Limited - cents per share	9	86.6	123.8
Diluted earnings per share attributable to equity holders of Perpetual Limited - cents per share	9	80.1	115.0

The Statement of Comprehensive Income is to be read in conjunction with the 'Notes to the Financial Statements' set out on pages 16 to 26.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Balance Sheet
as at 31 December 2010

	Note	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Current assets			
Cash and cash equivalents	15	175,304	187,539
Receivables		86,014	86,843
Other financial assets		100	100
Structured products - EMCF assets	10a	1,020,045	1,191,066
Structured products - receivable from investors	10b	8,057	26,157
Derivative financial instruments		850	11
Prepayments		9,651	7,447
Total current assets		1,300,021	1,499,163
Non-current assets			
Receivables		33	3,648
Shares in other companies, investments in unlisted unit trusts and other financial assets		56,831	49,949
Structured products - loans receivable	10b	152,008	162,675
Property, plant and equipment		27,898	27,796
Intangibles		152,514	163,508
Deferred tax assets		26,008	33,219
Prepayments		736	858
Total non-current assets		416,028	441,653
Total assets		1,716,049	1,940,816
Current liabilities			
Payables		39,732	40,661
Structured products - EMCF liabilities	10a	1,018,924	1,190,342
Structured products - interest-bearing liabilities	10b	8,076	24,818
Structured products - income received in advance		6,924	13,918
Derivative financial instruments		383	662
Current tax liabilities		7,874	16,736
Employee benefits		22,464	35,880
Provisions	12	1,702	7,670
Total current liabilities		1,106,079	1,330,687
Non-current liabilities			
Payables		3,662	6,206
Interest-bearing liabilities	11	45,000	45,000
Structured products - interest-bearing liabilities	10b	154,729	164,807
Deferred tax liabilities		7,925	7,198
Employee benefits		3,351	2,894
Provisions	12	23,533	23,000
Total non-current liabilities		238,200	249,105
Total liabilities		1,344,279	1,579,792
Net assets		371,770	361,024
Equity			
Contributed equity	13	224,279	206,017
Reserves		53,533	56,861
Retained earnings		88,655	96,494
Total equity attributable to holders of Perpetual Limited		366,467	359,372
Non-controlling interest		5,303	1,652
Total equity		371,770	361,024

The Balance Sheet is to be read in conjunction with the 'Notes to the Financial Statements' set out on pages 16 to 26.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Statement of Changes in Equity
as at 31 December 2010

\$000	Gross contributed equity	Treasury share reserve	Total contributed equity	Available for sale reserve	General reserve	Foreign currency reserve	Equity compensation reserve	Cashflow hedge reserve	Total reserves	Retained earnings	Total	Non-controlling interest	Total
Balance at 1 July 2010	379,392	(173,375)	206,017	2,871	103	(3,347)	57,688	(454)	56,861	96,494	359,372	1,652	361,024
Total comprehensive income/(expense)	-	-	-	3,172	-	(1,595)	-	226	1,803	34,984	36,787	251	37,038
Issue of ordinary shares	60	-	60	-	-	-	-	-	-	-	60	-	60
Employee Share Purchase Plan loan repayments during the period	-	69	69	-	-	-	-	-	-	-	69	-	69
Treasury shares issued during the period	14,387	(14,387)	-	-	-	-	-	-	-	-	-	-	-
Treasury shares vested during the period	-	10,752	10,752	-	-	-	(10,752)	-	(10,752)	-	-	-	-
Fair value adjustment on recycled and vested TSR shares	(5,479)	5,479	-	-	-	-	-	-	-	-	-	-	-
Dividends on treasury shares used to purchase equity	-	(42)	(42)	-	-	-	42	-	42	-	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(38,179)	(38,179)	-	(38,179)
Dividends reinvestment plan allotment	7,423	-	7,423	-	-	-	-	-	-	(7,423)	-	-	-
Dividends paid on treasury shares	-	-	-	-	-	-	(2,779)	-	(2,779)	2,779	-	-	-
Equity remuneration expense	-	-	-	-	-	-	8,358	-	8,358	-	8,358	-	8,358
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	3,400	3,400
Balance at 31 December 2010	395,783	(171,504)	224,279	6,043	103	(4,942)	52,557	(228)	53,533	88,655	366,467	5,303	371,770

\$000	Gross contributed equity	Treasury share reserve	Total contributed equity	Available for sale reserve	General reserve	Foreign currency reserve	Equity compensation reserve	Cashflow hedge reserve	Total reserves	Retained earnings	Total	Non-controlling interest	Total
Balance at 1 July 2009	347,350	(173,128)	174,222	(4,016)	103	(491)	48,457	(755)	43,298	72,413	289,933	108	290,041
Total comprehensive income/(expense)	-	-	-	7,597	-	(1,459)	-	530	6,668	49,166	55,834	164	55,998
Issue of ordinary shares	10,570	-	10,570	-	-	-	-	-	-	-	10,570	-	10,570
Employee Share Purchase Plan loan repayments during the period	-	60	60	-	-	-	-	-	-	-	60	-	60
Treasury shares issued during the period	3,861	(3,861)	-	-	-	-	-	-	-	-	-	-	-
Treasury shares purchased on market	-	(1,072)	(1,072)	-	-	-	-	-	-	-	(1,072)	-	(1,072)
Treasury shares vested during the period	-	11,960	11,960	-	-	-	(11,960)	-	(11,960)	-	-	-	-
Fair value adjustment on recycled and vested TSR shares	(4,159)	4,159	-	-	-	-	-	-	-	-	-	-	-
Dividends on treasury shares used to purchase equity	-	(23)	(23)	-	-	-	23	-	23	-	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(22,192)	(22,192)	-	(22,192)
Dividends reinvestment plan allotment	3,314	-	3,314	-	-	-	-	-	-	(3,314)	-	-	-
Dividends paid on treasury shares	-	-	-	-	-	-	(1,725)	-	(1,725)	1,725	-	-	-
Equity remuneration expense	-	-	-	-	-	-	13,268	-	13,268	-	13,268	-	13,268
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	848	848
Balance at 31 December 2009	360,936	(161,905)	199,031	3,581	103	(1,950)	48,063	(225)	49,572	97,798	346,401	1,120	347,521

The Statement of Changes in Equity is to be read in conjunction with the 'Notes to the Financial Statements', set out on pages 16 to 26.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Condensed Consolidated Cash Flow Statement
for the half-year ended 31 December 2010

	31 Dec 2010	31 Dec 2009
	Note	\$'000
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts in the course of operations	241,120	224,203
Cash payments in the course of operations	(198,386)	(150,624)
Dividends received	456	371
Interest received	6,192	5,388
Interest paid	(1,631)	(1,160)
Income taxes paid	(22,685)	(12,565)
Net cash from operating activities	25,066	65,613
Cash flows from investing activities		
Payments for property, plant and equipment	(7,457)	(4,517)
Payments for investments	(33,349)	(19,728)
Repayments of advances made under the Employee Share Purchase Plan	69	60
Acquisition of business	(2,173)	(8,875)
Proceeds from the sale of investments	37,310	23,555
Repayment of Palisade loan	7,165	-
Tax paid on sale of investments	(687)	-
Net cash from/(used in) investing activities	878	(9,505)
Cash flows from financing activities		
Proceeds from issue of shares	7,423	3,314
Payments for on market share purchase	-	(1,072)
Dividends paid	(45,602)	(25,506)
Net cash used in financing activities	(38,179)	(23,264)
Net (decrease)/increase in cash and cash equivalents	(12,235)	32,844
Cash and cash equivalents at 1 July	187,539	146,138
Cash and cash equivalents at 31 December	15 175,304	178,982

The Cash Flow Statement is to be read in conjunction with 'Notes to the Financial Statements' set out on pages 16 to 26.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

Note 1. Reporting entity

Perpetual Limited ("the Company") is a company domiciled in Australia. The condensed consolidated half-year financial statements of the Company as at and for the half-year ended 31 December 2010 comprise the Company and its controlled entities (together referred to as the "consolidated entity") and the consolidated entity's interests in associates.

The consolidated annual financial statements for the consolidated entity as at and for the year ended 30 June 2010 are available at www.perpetual.com.au.

a. Statement of compliance

The consolidated half-year financial statements are a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting and the Corporations Act 2001*.

The condensed consolidated half-year financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements of the consolidated entity for the year ended 30 June 2010.

The condensed consolidated half-year financial statements were authorised for issue by the Board of Directors on 23 February 2011.

b. Estimates

The preparation of the half-year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described below, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2010.

During the half-year ended 31 December 2010 management reassessed its estimate in respect of :

- Goodwill (refer Note 14)

Note 2. Significant accounting policies

The accounting policies applied by the consolidated entity in these half-year financial statements are the same as those applied by the consolidated entity in its annual financial statements as at and for the year ended 30 June 2010.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

	31 Dec 2010	31 Dec 2009
	\$'000	\$'000
Note 3. Revenue		
Revenue from the provision of services		
Gross revenue from fees	217,737	193,360
Other income		
Income from structured products	37,640	41,283
Investment income		
Dividends	438	379
Interest	6,223	5,990
Unit trust distributions	468	359
Total investment income	7,129	6,728
	262,506	241,371
Note 4. Net profit before tax		
Net profit before tax has been arrived at after charging the following items:		
Depreciation of property, plant and equipment	2,203	2,713
Amortisation of intangible assets:		
- Capitalised software	3,171	3,162
- Other intangible assets	2,019	1,175
	5,190	4,337
Total depreciation and amortisation expense	7,393	7,050
Rental charges – operating leases	8,036	6,576
Note 5. Individually significant and other items included in net profit for the period		
Profit on sale of part of investment portfolio	3,167	3,011
Impairment of available-for-sale-securities	(605)	(307)
Total profit on disposal of investments	2,562	2,704
Income tax expense applicable	(687)	(860)
Total profit on disposal (impairment) of investments after tax	1,875	1,844
Exact Market Cash Fund gains	8,527	15,821
Income tax expense applicable	(2,558)	(4,747)
	5,969	11,074
Private equity proposal response costs	(4,304)	-
Income tax benefit applicable	1,291	-
	(3,013)	-
Impairment of intangible assets	(10,583)	-
Income tax benefit applicable	-	-
	(10,583)	-

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

Note 6. Segment information

	Perpetual Investments¹ \$'000	Private Wealth \$'000	Corporate Trust \$'000	Total \$'000
31 December 2010				
External revenues	145,927	58,752	51,806	256,485
Inter-segment revenue/(expense)	1,900	(1,900)	-	-
Interest revenue	394	24	449	867
Total revenue for reportable segment	<u>148,221</u>	<u>56,876</u>	<u>52,255</u>	<u>257,352</u>
Depreciation and amortisation	(2,528)	(2,571)	(1,031)	(6,130)
Reportable segment net profit before tax	51,470	11,617	18,893	81,980
Reportable segment assets	1,249,079	131,214	56,046	1,436,339
31 December 2009²				
External revenues	147,080	47,124	41,273	235,477
Inter-segment revenue/(expense)	5,321	(5,321)	-	-
Interest revenue	422	-	306	728
Total revenue for reportable segment	<u>152,823</u>	<u>41,803</u>	<u>41,579</u>	<u>236,205</u>
Depreciation and amortisation	(2,891)	(1,368)	(1,546)	(5,805)
Reportable segment net profit before tax	56,527	10,466	17,720	84,713
Reportable segment assets	1,571,855	81,588	46,985	1,700,428

¹ Segment information for Perpetual Investments includes the Exact Market Cash Fund.

² Prior period comparatives have been amended to reflect the reportable segments as at 31 December 2010.

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Reconciliations of reportable segment revenues, net profit before tax, and total assets		
Revenues		
Total revenue for reportable segments	257,352	236,205
Group and Support Services revenue	5,154	5,166
Total group revenue	<u>262,506</u>	<u>241,371</u>
Net profit before tax		
Total net profit before tax for reportable segments	81,980	84,713
Financing costs	(1,631)	(1,160)
Profit on disposal of investments	3,167	3,011
Impairment of available-for-sale securities	(605)	(307)
Impairment of intangible assets	(10,583)	-
Share of loss of equity accounted investees	-	(31)
Group and Support Services expenses	(17,024)	(13,720)
Net profit before tax	<u>55,304</u>	<u>72,506</u>

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

	31 Dec 2010	31 Dec 2009
	\$'000	\$'000

Note 6. Segment information (continued)

Reconciliations of reportable segment revenues, net profit before tax, and total assets (continued)

Total assets

Total assets for reportable segments	1,436,339	1,700,428
Group and Support Services assets	279,710	287,756
Total assets	1,716,049	1,988,184

The consolidated entity has identified three reportable segments based on the internal reports that are reviewed and used by the consolidated entity's CEO in assessing performance and in determining the allocation of resources. For each of the reportable segments, the consolidated entity's CEO reviews internal management reports on a monthly basis. The following summary describes the operations in each of the reportable segments:

a. Services provided

The consolidated entity operates in the financial services industry in Australia and provides wealth management and corporate trust services. The major services from which the reportable segments derive revenue are:

Perpetual Investments	Manufacturer of financial products, management and investment of monies on behalf of private, corporate, superannuation and institutional clients.
Private Wealth	Private Wealth provides a wide range of investment and non-investment products and services. These include a comprehensive advisory service, portfolio management, philanthropic, executorial and trustee services to high net worth and emerging high net worth Australians. Private Wealth also provides many of these services to charities, not for profit and other philanthropic organisations.
Corporate Trust	The Corporate Trust division provides fiduciary services incorporating safe-keeping and recording of assets and transactions as custodian, trustee, registrar or agent for corporate and financial services clients and mortgage processing services.

b. Geographical segments

The consolidated entity operates predominantly in Australia. More than 90 per cent of revenue and non-current assets relate to operations in Australia.

c. Major customers

The consolidated entity does not rely on any major customer.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

	31 Dec 2010	31 Dec 2009
	\$'000	\$'000

Note 7. Income tax expense

a. Income tax expense

Current tax expense	15,627	20,169
Deferred tax expense	6,310	3,442
Over provided in prior year	(1,868)	(435)
Total	20,069	23,176

The consolidated entity's effective tax rate in respect of continuing operations for the half-year ended 31 December 2010 was 36 per cent (31 December 2009: 32 per cent).

The effective tax rate differs to the Australian company tax rate of 30 per cent as the impairment charge incurred is not deductible for tax.

Deferred income tax included in income tax expense

Decrease in deferred tax assets	7,195	4,032
Decrease in deferred tax liabilities	(885)	(590)
Total	6,310	3,442

The above movements in deferred tax assets and deferred tax liabilities are net of movements recognised directly in equity.

At 31 December 2010, the consolidated entity had carried forward realised net capital losses of \$6,411,000 (31 December 2009: \$5,646,000) which had a tax benefit of \$1,923,000 (31 December 2009: \$1,694,000); the tax benefit of these capital losses have been recognised in deferred tax assets.

The consolidated entity had unrealised net capital losses recognised in income of \$3,386,000 (31 December 2009: \$4,066,000) which had a tax benefit of \$1,016,000 (31 December 2009: \$1,220,000); the tax benefit of those capital losses have been recognised in deferred tax assets.

The realisation of the deferred tax assets relating to the realised capital losses is dependent on future capital gains being in excess of the losses shown above.

b. Amounts recognised directly in equity

Decrease in deferred tax assets	16	2,494
Increase in deferred tax liabilities	1,612	738
	1,628	3,232

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

Note 8. Dividends

Dividends paid or provided for in the current and comparative periods are as follows:

	Cents per share	Total Amount \$'000	Franked ¹ / Unfranked	Date of Payment
31 December 2010				
Final 2010 - Ordinary dividend	105	45,602	Franked	28 September 2010
Total amount		<u>45,602</u>		
31 December 2009				
Final 2009 - Ordinary dividend	60	25,506	Franked	30 September 2009
Total amount		<u>25,506</u>		

¹All franked dividends declared or paid during the period were franked at a tax rate of 30 per cent and paid out of reserves.

The directors resolved on 23 February 2011 to pay an interim ordinary dividend of 95 cents per share franked at 30% (2010: 105 cents per share franked at 30%). The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 31 December 2010 and will be recognised in subsequent financial periods. The dividend is payable on 30 March 2011 with a record date of 9 March 2011.

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Dividend franking account		
30% (2009: 30%) franking credits available after the payment of income tax provided for in the financial statements	56,463	53,782

The above available amounts are based on the balance of the dividend franking account at 31 December 2010 adjusted for franking credits that will arise from the payment of the current tax liabilities.

Note 9. Earnings per share

	Cents per share	
Basic earnings per share	86.6	123.8
Diluted earnings per share	80.1	115.0

The following reflects the income and share information used in calculating the basic and diluted earnings per share:

	\$'000	\$'000
Net profit after tax attributable to equity holders of Perpetual Limited	34,984	49,166

	Number of shares	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	40,374,981	39,709,195
Effect of dilutive securities:		
Share options	22,296	40,703
Weighted average number of dilutive potential ordinary shares under performance rights	3,266,683	2,999,915
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	43,663,960	42,749,813

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

	31 Dec 2010	30 Jun 2010
	\$'000	\$'000

Note 10. Structured products assets and liabilities

a. Exact Market Cash Funds

Current assets

Exact Market Cash Fund 1	513,263	693,243
Exact Market Cash Fund 2	506,782	497,823
	1,020,045	1,191,066

Current liabilities

Exact Market Cash Fund 1	514,933	695,129
Exact Market Cash Fund 2	503,991	495,213
	1,018,924	1,190,342

The Exact Market Cash Funds' current asset balances reflect the fair value of the net assets held by the funds. The current liabilities balances represent the consolidated entity's obligation to the funds' investors under the swap agreement and reflect the net assets of the funds for unit pricing purposes.

The Exact Market Cash Fund 1 (EMCF 1) was established during the financial year ended 30 June 2005 with the purpose of providing an exact return that matched the UBS Bank Bill rate (the benchmark index), or a variant thereon, to investors. The fund's ability to pay the benchmark return to the investors is guaranteed by the consolidated entity. The National Australia Bank has provided the EMCF 1 product with a guarantee to the value of \$20 million (2009: \$20 million) to be called upon in the event that the consolidated entity is unable to meet its obligations. Due to the guaranteed benchmark return to investors, the consolidated entity is exposed to the risk that the return of the EMCF 1 differs from that of the benchmark. The return of the EMCF 1 is affected by risks to the underlying investments in the EMCF 1 portfolio, which are market, liquidity and credit risks.

The Exact Market Cash Fund 2 (EMCF 2) was established in July 2008 and aims to provide an exact return that matches the benchmark index to investors in the fund. It has a similar structure to EMCF 1, but in addition, there are specific rules that govern the withdrawal of funds. The investments held by EMCF 2 are recorded at fair value within the fund, and in the consolidated entity's financial statements. National Australia Bank has provided the fund with a guarantee to the value of \$6 million (2009: \$5 million) to be called upon in the event that Perpetual does not meet its obligations.

b. Perpetual Protected Investments

Structured products - loan receivable at reporting date consists of the following:

Current assets

Structured products - receivable from investors	8,057	26,157
-------------------------------------------------	-------	--------

Non-current assets

Structured products - loans receivable	154,985	165,690
Less: loan establishment fees	(315)	(380)
	154,670	165,310

Less: provision for credit losses	(2,662)	(2,635)
	152,008	162,675

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

	31 Dec 2010	30 Jun 2010
	\$'000	\$'000

Note 10. Structured products assets and liabilities (continued)

b. Perpetual Protected Investments (continued)

Movements in the provision for credit losses are as follows:

Balance as at beginning of period	2,635	991
Credit losses recognised during the period	(189)	-
Additional provision made during the year	216	2,376
Unused amounts reversed	-	(732)
Balance as at end of period	2,662	2,635

Structured products - interest-bearing liabilities at reporting date consists of the following:

Current liabilities

Structured products - interest-bearing liabilities	8,076	24,818
----------------------------------------------------	-------	--------

Non-current liabilities

Structured products - interest-bearing liabilities	154,729	164,807
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Note 11. Interest-bearing liabilities

Facilities utilised

Floating rate bank facility	45,000	45,000
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Facilities not utilised

Floating rate bank facility	25,000	25,000
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The consolidated entity has a floating rate bank facility of \$70 million (30 June 2010: \$70 million). The utilised component of the floating rate bank facility of \$45 million (30 June 2010: \$45 million) is unsecured and has a floating interest rate of 5.49 per cent at 31 December 2010 (30 June 2010 : 5.07 per cent). Repayment of the existing facility is due at 31 December 2012. The \$25 million (30 June 2010: \$25 million) unutilised bank facility may be drawn at any time at the discretion of the consolidated entity.

Perpetual is in compliance with the facility's debt covenants at 31 December 2010. Should the Company not satisfy any of these covenants, the outstanding balance of the loan may become due and payable.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Note 12. Provisions		
Current		
Internal insurance and legal provision	432	5,404
Onerous leases and make good	-	75
Operational process review provision	651	1,667
Lease expense provision	619	524
	<u>1,702</u>	<u>7,670</u>

Non-current		
Internal insurance and legal provision	800	800
Lease expense provision	22,733	22,200
	<u>23,533</u>	<u>23,000</u>

Note 13. Contributed equity

Share capital		
44,140,166 (30 June 2010: 43,417,478) ordinary shares, fully paid	224,279	206,017

	Number of Shares	\$'000	Number of Shares	\$'000
Movement in share capital				
Balance at beginning of the period	40,094,528	206,017	39,358,781	174,222
Shares issued:				
- Issued in business combination	-	-	283,950	10,569
- Dividend reinvestment	250,806	7,423	255,682	9,295
- Executive share plans (vested during period)	199,564	10,752	225,580	13,110
- Employee equity allocation purchased on market	(1,162)	(42)	(29,465)	(1,336)
- Employee share plans (vested during period)	-	69	-	157
- Issued on market	1,960	60	-	-
Balance at end of the period	<u>40,545,696</u>	<u>224,279</u>	<u>40,094,528</u>	<u>206,017</u>

Ordinary shares fully paid (excluding unvested shares from share plans)	40,545,696	224,279	40,094,528	206,017
Unvested shares from share plans	3,594,470	171,504	3,322,950	173,375
Ordinary shares fully paid	<u>44,140,166</u>	<u>395,783</u>	<u>43,417,478</u>	<u>379,392</u>

During the half-year, the Company issued nil (30 June 2010: nil) ordinary shares in accordance with Perpetual's Executive Option Plan at a weighted average share price of nil (30 June 2010: nil) per share.

The Company does not have authorised capital or par value in respect of its issued shares.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any surplus capital.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

	31 Dec 2010	30 Jun 2010
	\$'000	\$'000
Note 14. Goodwill		
Reconciliation of carrying amount		
Cost		
Balance at beginning of period	113,539	76,639
Acquisitions through business combinations	-	36,900
Balance at end of period	113,539	113,539
Impairment losses		
Balance at beginning of period	-	-
Impairment loss	(10,583)	-
Balance at end of period	(10,583)	-
Carrying amounts		
Balance at beginning of period	113,539	113,539
Balance at end of period	102,956	113,539

Following a review of the smartsuper business in the six months ended 31 December 2010, the group assessed the recoverable amount of the cash-generating unit that comprises that business. As a result of this assessment, an impairment loss of \$10,583,000 (31 December 2009: nil) has been recognised. The impairment loss was allocated to goodwill, reducing the goodwill included in the smartsuper business to nil and is included in impairment of intangible assets in the condensed consolidated statement of comprehensive income.

The recoverable amount of the smartsuper cash generating unit was based on value in use.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit. Value in use at 31 December 2010 was determined similarly as in the 30 June 2010 goodwill impairment test with the exception of a reduction in the forecast revenue growth rate.

The values assigned to the key assumptions represent management's assessment of future trends in the market place.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Notes to and forming part of the condensed financial statements
for the half-year ended 31 December 2010

Note 15. Cash and cash equivalents

For the purposes of the Condensed Consolidated Cash Flow Statement, cash and cash equivalents includes bank balances, deposits at call and short-term deposits.

	31 Dec 2010	30 Jun 2010
	\$'000	\$'000
Bank balances	59,692	54,345
Deposits at call	61,601	79,462
Short-term deposits	54,011	53,732
	175,304	187,539

Deposits at call are invested in a cash management trust operated by the consolidated entity. Short-term deposits represent investments in the Perpetual Credit Income Fund and Perpetual High Grade Treasury Fund.

Note 16. Business combinations

Contingent consideration

The balance of contingent consideration relating to business combinations acquired in previous periods has decreased by \$1.8 million in the half year ended 31 December 2010. Total cash consideration of \$2.2 million was paid to the selling stakeholders of Financial Pursuit Pty Limited and Fordham Business Advisors Pty Ltd as certain pre-determined targets were achieved. The unwinding of the discount, relating to business combinations in previous periods, was \$0.4 million for the half year ended 31 December 2010.

Note 17. Events subsequent to balance date

The directors are not aware of any other event or circumstance since the end of the financial period not otherwise dealt with in this report that has or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES
Directors' Declaration

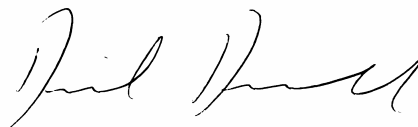
In the opinion of the directors of Perpetual Limited ("the Company"):

1. the financial statements and notes set out on pages 11 to 26 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that Perpetual Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Peter Scott
Director



David Deverall
Director

Dated at Sydney this 23rd day of February 2011.

Independent auditor's review report to the members of Perpetual Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Perpetual Limited ("consolidated entity"), which comprises the condensed consolidated balance sheet as at 31 December 2010, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies, other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Perpetual Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Perpetual Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Andrew Yates
Partner

Sydney
23 February 2011