Perpetual

Annual Review 2009

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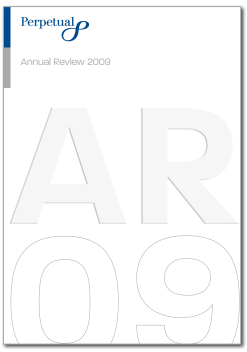
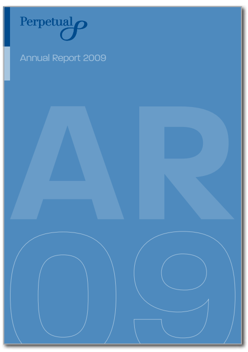


ANNUAL REVIEW 2009



ANNUAL REPORT 2009

Welcome to Perpetual's **2009 Annual Review**.

This document provides our shareholders with an overview of our company together with important information about our 2009 financial year results.

For more in-depth performance-based analysis of our results, our shareholders should refer to the **2009 Annual Report**, which is available on-line (http://shareholders.perpetual.com.au) or on request.

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Contents

Foreword

Who are we?

We are an independent financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company coupled with our strong track record of investment performance has created our reputation as one of the strongest brands in financial services in Australia.

What is our strategy?

Our vision is to be the leading provider of wealth management services to financially successful investors and their advisers and of trustee services to the corporate market. Our strategy to achieve that vision is to:

- deliver the best wealth management products and services
- be the supplier of choice for financial advisers targeting mass affluent and high net worth investors
- be the leading adviser to high net worth Australian investors
- retain our market-leading position in corporate trustee services

Our strategy is supported by a set of philosophies and principles, which have been borne out of our trustee heritage and developed throughout our more than 120 years of history.

2009 RESULTS at a glance

$65.7 million

Underlying profit after tax

$37.7 million

Net profit after tax

89.4 cents

Earnings per share – diluted

100 cents

Ordinary dividend per share

CHAIRMAN AND CEO'S report

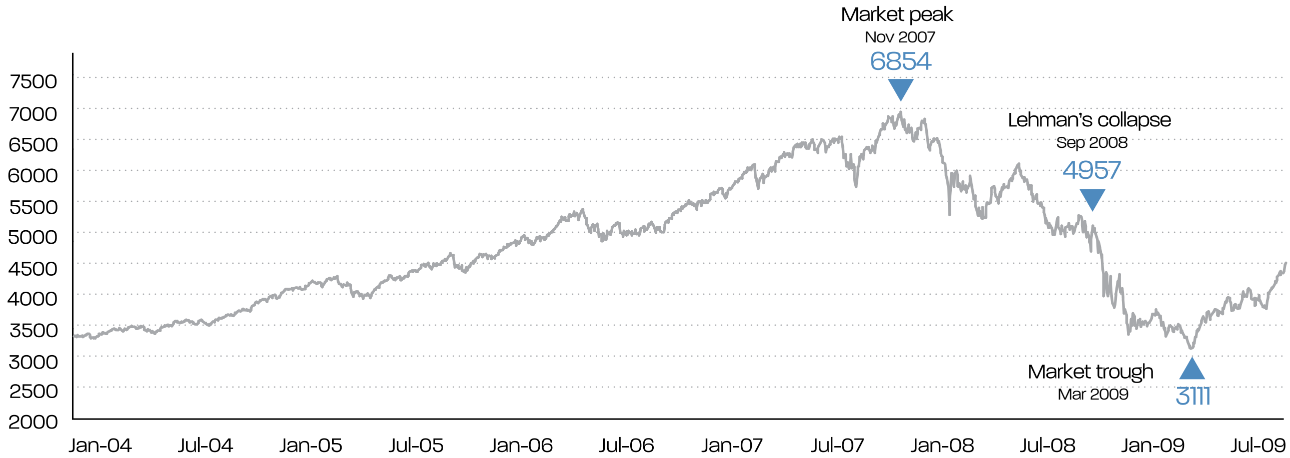
Since reporting our half year results in February this year, global equity markets have improved considerably, with the Australian market rising by around 40 per cent from the low point in March 2009 to the end of August 2009.

As the performance of equity markets is the key driver of revenues for the group, this news bodes more positively for our outlook, compared to conditions that were endured for most of the 2009 financial year.

However, while indicators suggest the market is stabilising, 2009 was a very tough year, presenting the largest shock to the global economy and investment markets since the Great Depression. This is demonstrated in the chart below which highlights the extent of the decline in the Australian equities market.

The turmoil in equity and debt markets led to the wholesale collapse of investor confidence, driving a flight to 'cash-based'

ASX All Ordinaries Index (2004-2009)



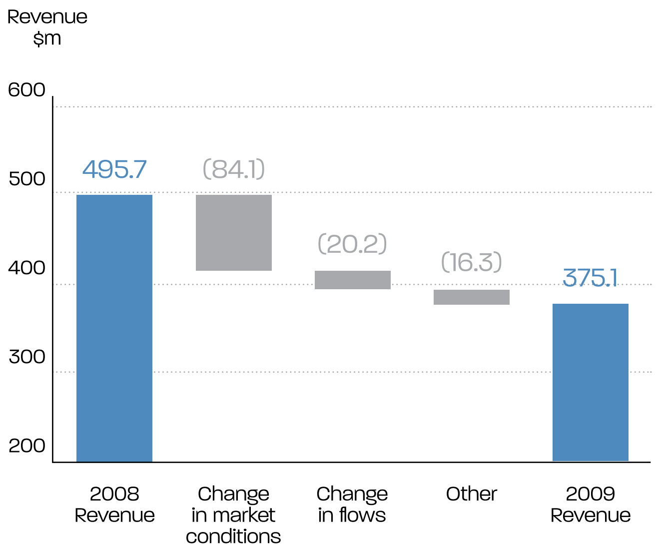
Source: Australian Securities Exchange

We generated investment performance well-above benchmarks across the majority of our managed funds

products. The introduction of the Government guarantee on bank savings deposits led to further outflows from all asset classes in the funds management industry, including from Perpetual.

As a funds manager, our profitability is strongly correlated to market events and our results for the 2009 financial year reflected the state of the market during this period.

Revenue fell 24 per cent to $375.1 million. Approximately 70 per cent of the decline can be attributed to the lower equity markets and the virtual closure of the primary debt securitisation markets.



We believe underlying profit after tax (UPAT)[1] is the clearest indicator of the fundamental health of our company because it excludes significant items and gains and losses on investments.

UPAT for the 2009 financial year was $65.7 million, a decrease of 51 per cent on the prior year. The result was in line with our May forecast of between $60-70 million.

Net profit after tax for the 2009 financial year was $37.7 million, a decrease of 71 per cent on the previous year (refer to page 6 for a reconciliation of UPAT to net profit after tax).

While Perpetual Investments and Perpetual Private Wealth experienced declines in profitability in line with the market, Perpetual Corporate Trust's profit before tax rose 22 per cent.

The traditional driver of profit in the corporate trustee business is the volume of new issuances in the securitisation market. Despite the virtual cessation of this volume, the business delivered improved profit for the year through cost improvements and increased market share.

The decline in earnings had a corresponding impact on dividends. Directors declared a fully-franked final dividend of 60 cents per share to be paid on 30 September (record date 2 September 2009), bringing a total ordinary dividend paid to shareholders of 100 cents per share for the year ended 30 June 2009.

The dividend payment represents 108 per cent of net profit after tax and continues the transition to our revised dividend policy, which has a payout ratio range of between 80-100 per cent of net profit after tax.

While we could do little about market conditions and their impact on our revenues, we positively influenced what we could control within the company to ease the effect of declining earnings.

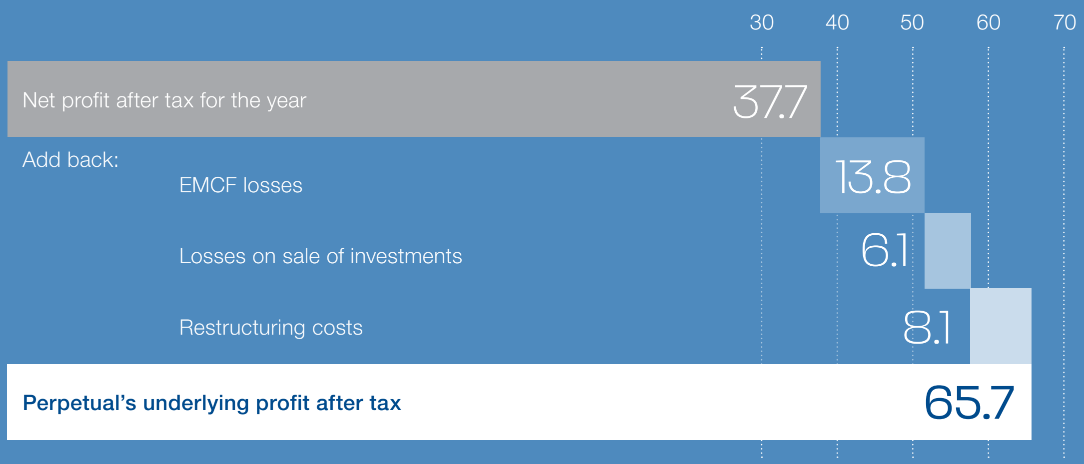
We generated investment performance well-above benchmarks across the majority of our managed funds. In the 12 months to 30 June 2009, our core equity funds delivered excess returns above benchmark of up to 8 per cent. This benefited customers because their funds under management at 30 June 2009 were $800 million higher than they would have been had investment performance tracked benchmarks.

We focused on customer service by consistently communicating with our clients and investors throughout the past financial year and by providing concise and transparent information and insight into the many complex issues abounding in the market. We also

1 Term 'underlying profit after tax' adopted in lieu of 'operating profit after tax' in compliance with guidelines issued by the Australian Institute of Company Directors and Finsia in 2009.

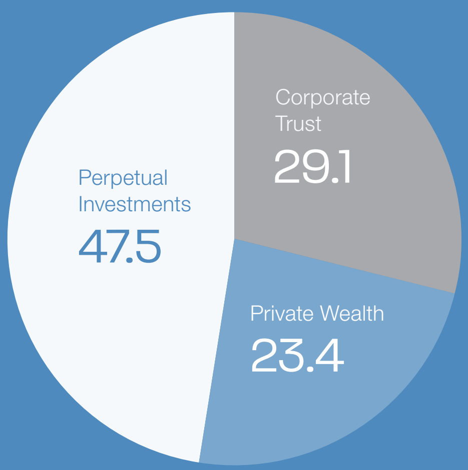
Reconciliation of underlying profit after tax ($m)

30 June 2009

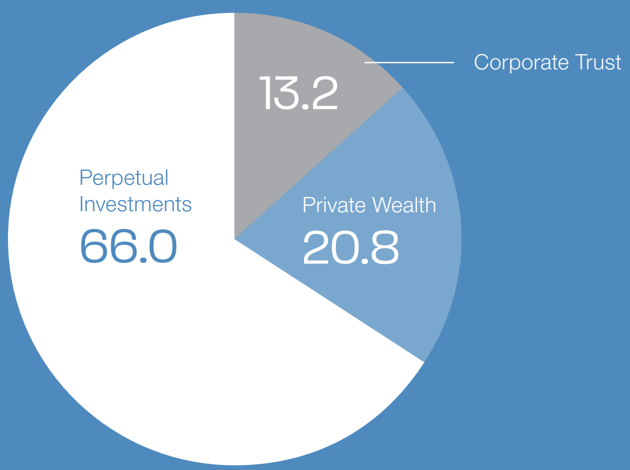


Contribution to underlying profit before tax (%)

2009



2008



maintained the number of our client-facing employees in many of our businesses and also enhanced front and back office systems in Perpetual Investments and Perpetual Private Wealth, despite cost reductions across the group.

We strengthened our brand equity by maintaining our long-standing conviction for the way we manage money. Our client base remained stable during the course of the downturn: we attribute this loyalty to our determination to remain ‘true to label’.

According to *Wealth Insights Adviser Brand Tracking*[2], Perpetual has the strongest brand equity amongst all fund managers in Australia as judged by advisers: 75 per cent of respondents rated Perpetual as either ‘one of the best’ or ‘above average’ fund managers; our nearest competitor scored 68 per cent.

We maintained a prudent approach to managing shareholder capital. Over the past 12 months, we strengthened capital by revising the dividend policy and establishing a Dividend Reinvestment Plan (DRP) for shareholders in Australia and New Zealand. Perpetual’s liquid funds are well in excess of regulatory capital requirements.

We reduced cash operating expenses by $40 million before tax or 15 per cent on the previous financial year. Importantly, a significant proportion of these savings will be maintained in future years.

The reductions were achieved through a combination of targeted redundancies and natural attrition across the company and a significant reduction in short-term incentives. The savings were offset by investment in systems and acquisitions. In addition, we incurred $4.6 million after tax of costs relating to the rectification of operational errors.

We de-risked the business by reducing exposure to balance sheet intensive products, making acquisitions to diversify revenue streams and exiting some products.

We believe Perpetual completed the year in a stronger competitive position as a result of all of these initiatives. More details of how our core businesses performed and the initiatives undertaken during the year are outlined in the Business Review beginning on page 8.

Understandably in the current climate, there has also been a lot of scrutiny and discussion on executive remuneration. Following a review of the group’s remuneration policy, directors remain satisfied Perpetual’s policy strikes an appropriate balance between risk and reward and, most importantly, treats our employees, shareholders and clients in an equitable manner. As an example, our executives’ long-term incentives did not vest in the past financial year in line with the decline in the market and in shareholder returns. Our policy also provides a solid base for implementing any potential changes flowing-on from Government and/or regulator initiatives in relation to remuneration.

Federal Government intervention has also been an influential feature of the operating environment over the past year, most notably in the introduction of fiscal and monetary stimuli and other initiatives to stabilise the financial system and to stimulate a return to economic growth.

The Government’s Henry and Cooper reviews will be of relevance to the wealth management industry in the years ahead. These reviews and other initiatives by financial regulators are intended to address the issues of adequacy and efficiency in Australia’s superannuation system and to further enhance the integrity of the wealth management industry.

We will work with our industry bodies to ensure any change as a result of these reviews is consistent with both good public policy and in the best interests of our shareholders, customers and investors.

We are cautiously optimistic the worst of the downturn is behind us and we have seen improving investor confidence with the stabilisation of markets in recent months.

Furthermore, we are confident our enhanced competitive position and business model based on independence and quality of offering positions us well to capture market share.

We are conscious of how tough the environment has been over the past 18 months and the impact this has had on our shareholders and other stakeholders. On behalf of the Board, we thank them for their continued support. We also thank our employees for their perseverance and dedication during a most difficult year.

Robert Savage
Chairman

David Deverall
Chief Executive Officer and Managing Director

PERPETUAL EXCELS IN CORPORATE GOVERNANCE

In a recent new survey by leading independent accounting group WHK Horwath, Perpetual received five stars and was equal first in terms of compliance with governance guidelines. The key factors reviewed in the survey were the composition and independence of our Board; the independence of our auditor; the separation of our audit, remuneration and nomination committees; and the disclosure of our carbon emission regime.

2 June 2009

BUSINESS review

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 with capabilities in Australian and international equities, property securities, multi-manager, mortgages, fixed interest and cash.

A key driver of our funds under management (FUM) and therefore revenues is the performance of equity markets. This is represented by the All Ordinaries Index in Australia, which closed the June 2009 financial year down 26 per cent, although on average it was down 34 per cent in 2009 compared to 2008.

At 30 June 2009, our FUM stood at $26.2 billion compared to $30.3 billion a year earlier, a decline of 14 per cent. However, our average FUM was 28 per cent lower in 2009 compared to 2008. This had a significant impact on our revenues, which declined 31 per cent in 2009.

Consequently, underlying profit before tax declined 60 per cent from $147.0 million to $59.0 million for the 12 months to 30 June 2009.

Despite the extraordinarily difficult environment, the performances of our leading equities and multi-sector funds were above their respective benchmarks in the past 12 months and our net flows improved during the course of the 2009 financial year (see table below).

In addition, two of our diversified funds were recognised as the best in the multi-sector balanced and multi-sector pension categories by AFR SmartInvestor in July 2009.

The tenure of core asset managers is considered a key measurement of success in the highly competitive funds management industry. It is also core to preserving the absolute integrity of our investment philosophy. As an example, our highly-awarded core Australian equities team has been together for more than 15 years and is one of the longest-serving, experienced and most stable in the industry.

In Australian Equities, we successfully maintained pricing, retained research house ratings and increased market share in 2009, the result of our performance, committed approach to investment and strong brand.

We will continue to capitalise on this position by maintaining excellence in manufacturing, holding our position on premium pricing and building 'best of breed' products and services consistent with our brand.

An example of 'best of breed' is our Pure Value Fund, which is targeted to high net worth and ultra high net worth clients and has delivered performance of 45 per cent above benchmark since launching in September 2008.

The International Share Fund also delivered strong performance. Despite significant outflows across the industry from global equities in the past six months, the Fund achieved ratings improvements from key research houses and inflows from retail clients and an institutional mandate totalling around $150 million.

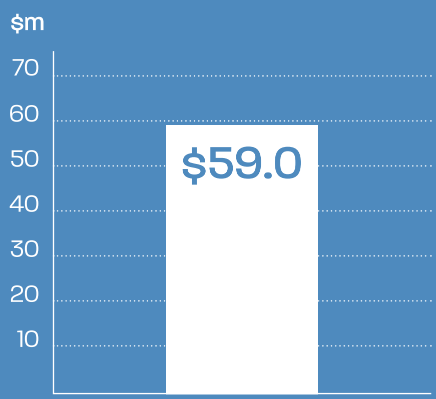
The global equities market represents an important growth opportunity for Perpetual. We will continue to build momentum for our global equities business by focusing on asset consultants and sales execution, leveraging wins in the Australian market and seeking more traction in the UK.

Excess investment performance p.a. – gross as at 30 June 2009

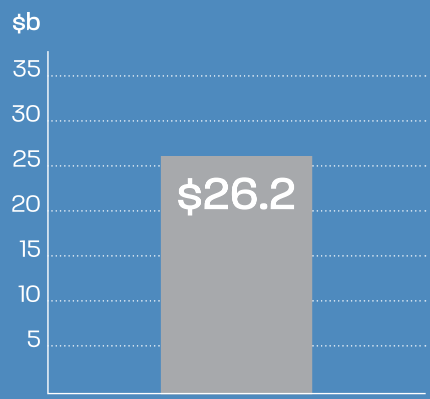
Annualised	Industrial Share Fund	Australian Share Fund	Small Companies Fund	Concentrated Equity Fund	International Share Fund
1 year	+6.98%	+2.84%	+3.08%	+8.36%	+6.89%
3 years	+4.14%	+1.33%	+3.56%	+4.27%	+2.19%
Since inception	+3.59%	+3.62%	+7.77%	+5.43%	+1.09%

Perpetual Investments

Underlying profit before tax for 12 months to 30 June 2009

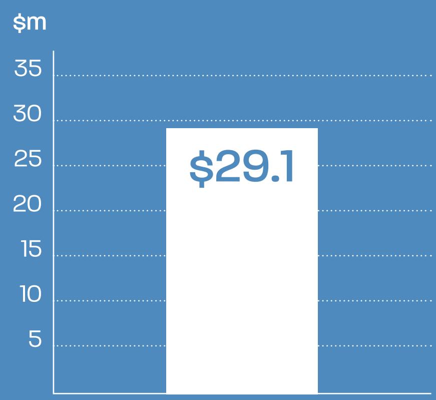


Funds under management as at 30 June 2009

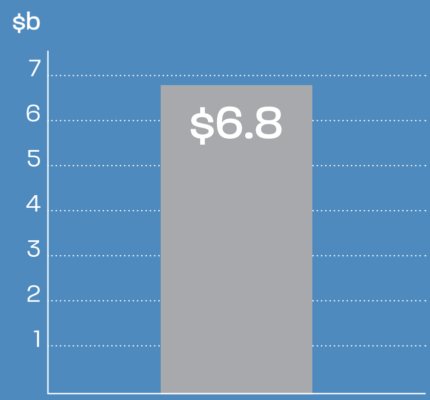


Perpetual Private Wealth

Underlying profit before tax for 12 months to 30 June 2009

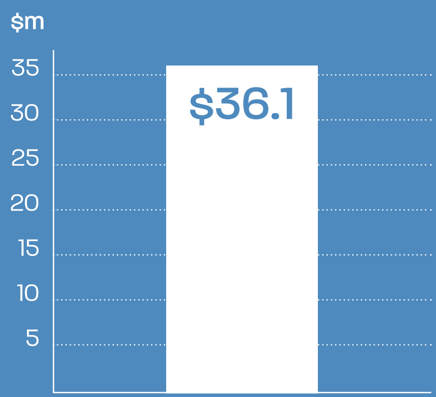


Funds under advice as at 30 June 2009

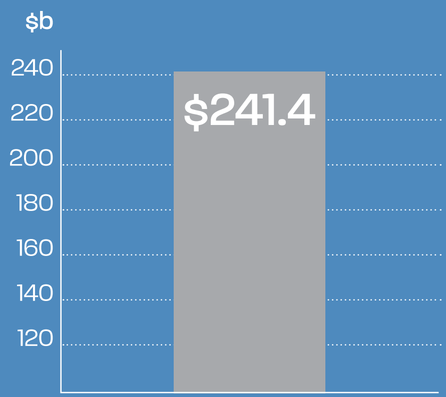


Perpetual Corporate Trust

Underlying profit before tax for 12 months to 30 June 2009



Funds under administration as at 30 June 2009



Our values

We are trustworthy

We keep raising the bar

We consistently deliver

We succeed together

Perpetual is also home to some of the most stable, experienced and well-established investment teams in the cash and fixed income market in Australia, which is estimated to be worth around $450 billion[3].

Since 2007, we have enhanced our competitive position through the establishment of a stand-alone business unit with dedicated resources and business infrastructure. In the past financial year, our cash and fixed income teams delivered strong investment performance relative to competitors.

Our mortgage funds suspended applications and moved to quarterly redemptions in October 2008, following the introduction of the Government guarantee. We were able to prudently manage outflows of $0.4 billion in these funds in the extremely difficult environment.

Our funds were re-opened to applications and have paid out on average more than 25 per cent of redemption requests to investors over the past three quarters. Our focus is to restore confidence in the mortgage sector by stabilising the funds, continuing to deliver good returns and demonstrating the robustness of the product.

Perpetual Investments also executed a number of customer service enhancements and growth initiatives during the year.

In November 2008, we re-launched our WealthFocus masterfund platform and introduced our WealthFocus Investment Advantage product, which allows investors to actively manage their portfolios and to optimise their tax position. The platform was recognised as having the '*Best New Technical Functionality*' for 2008 by market researcher, Investment Trends.

In September 2008, we acquired smartsuper, one of Australia's leading self-managed super fund administrators in the fast growing SMSF industry. The acquisition combines smartsuper's success in the institutional market and our strong relationship with financial planners.

During the year we ceased active trading within the Exact Market Cash Fund (EMCF) and adopted a hold to maturity approach. We also adopted a valuation methodology to reflect our management of the EMCF portfolio, which has greatly reduced the volatility on our reported profits and cash flows. Credit markets have now stabilised and we began to recoup some of the EMCF losses in the June 2009 quarter.

Given the uncertainty in markets and limited availability of credit in the current climate, we suspended the Perpetual Protected Investments (PPI) structured products series during the 2009 financial year.

MARKET RECOGNITION

We were honoured to be awarded the AFR SmartInvestor '*Fund Manager of the Year*' award for 2009. In presenting the award, the judges noted:

"It's in testing environments like the last two years that the true mettle of a fund manager emerges. The discipline of Perpetual's investment process and calibre and experience of its investment staff have enabled it to continue to lay the strongest foundations to help investors maximise their future wealth creation potential."

We were also one of three finalists in the Money Management/Lonsec 2009 '*Fund Manager of the Year*' awards announced in May.

3 Rainmaker Roundup Report March 2009

Perpetual Private Wealth

Perpetual Private Wealth is a direct-to-client financial services business providing a premium full-service such as investment strategies, trust advice, custodial and philanthropic solutions, estate planning and administration to the high net worth market.

Funds under advice stood at $6.8 billion at 30 June 2009, a decrease of 12 per cent from June 2008, driven predominantly by the sharp decline in equity markets during the year.

Underlying profit before tax was $29.1 million for the 12 months to 30 June 2009, a decline of 37 per cent.

Our private wealth strategy is to drive growth in the high net worth market based on three key themes: the development of the best client service proposition based on high quality, efficient and scalable systems and processes; the growth of client and adviser numbers through inorganic and organic initiatives; and increased staff engagement.

During the year, we improved our adviser productivity tools by introducing myClient to our advisers, one of the most advanced client management systems in the Australian advice market. myClient provides innovative relationship management and process flow capabilities. The second phase of this project will be implemented in 2010, further improving our client servicing capabilities.

We continued to pursue inorganic growth opportunities. In April 2009, we acquired Financial Pursuit Pty Ltd, a high net worth financial advice business, with approximately $170 million in funds under advice.

There are currently a number of other small acquisition opportunities under review. Market consolidation is presenting us with a number of excellent opportunities, which were not available to us 18 months ago.

We are also extending relationships with key accounting and legal businesses through the Alliance Partner Program, which was launched in Victoria in 2009 and will extend nationally this year.

We will continue to maintain our leading role in philanthropy. Our philanthropic funds are the largest in Australia with more than $1 billion in funds under advice and distributions in excess of $40 million per annum.

We are confident our reputation for prudent investment management and high quality trustee services will see continued growth for us as trustees respond to the lessons of the recent market turmoil.

Notwithstanding the current Government enquiries into the financial services industry, given our 120 years of experience, we are confident that there will be ongoing demand for our services to the high net worth investor market.

NO. 1 IN BRAND EQUITY

According to *Wealth Insights Adviser Brand Tracking*[1], Perpetual has the strongest brand equity amongst all fund managers in Australia as judged by advisers: 75 per cent of respondents rated Perpetual as either 'one of the best' or 'above average' fund managers; our nearest competitor scored 68 per cent.

1 June 2009

Perpetual Corporate Trust

Perpetual Corporate Trust is the leading provider of corporate trustee, mortgage processing and transaction support services to the financial services industry.

Despite the challenging market environment, Perpetual Corporate Trust delivered an underlying profit before tax of $36.1 million for the year to 30 June 2009, up 22 per cent. The $241.4 billion of funds we have under administration continued to provide a solid annuity revenue stream for the business.

Core to this success in 2009 has been our excellent reputation as a trustee, our trusted brand and market-leading mortgage processing platform, and our successful cost reduction and revenue diversification strategy.

In Trust and Fund Services, we gained market share from our competitors and identified new sources of business by winning a number of new deals in the private and Government sectors. Our aim is to sustain and grow our position as the leading fiduciary to the capital markets, particularly for trust and fund structures.

We continued to actively engage Government and industry bodies on a number of market issues, specifically on initiatives to stimulate the securitisation market and boost competition, for the benefit of borrowers.

Our fiduciary role is paramount to assuring the integrity of market transactions. During the past financial year, we played an active role on behalf of investors impacted by the poor performance or outright collapse of a number of high profile investment vehicles.

The regulation of managed fund transactions was significantly tested by the market downturn and those high profile scheme collapses. We will continue to work with Government and regulators to ensure the lessons learned from those events are incorporated into appropriate changes to our regulatory environment.

Our experience in representing retail investors and creditors has also ensured strong demand for our services from banks and insolvency experts dealing with a number of distressed corporations and trusts.

We welcomed the Federal Government's proposal to increase the regulation and disclosure requirements of trustee companies, which we believe deliver significant efficiencies and have important implications for our clients.

We have been transforming our mortgage services client base by securing new banking clients. In 2009, the proportion of revenues from banking clients increased from 43 per cent to 59 per cent, with the increase mainly relating to the major Australian banks.

The non-bank sector has been streamlining the number of providers it uses for its mortgage processing panels. We have been successful in continuing to grow our market share in this sector by strengthening our position on these panels.

EXCELLENCE IN MORTGAGE PROCESSING

Our reputation for offering superior quality processing and efficiency was recognised by our peers in February 2009 when the Mortgage and Finance Industry Association of Australia awarded us the '*Support Services Provider of the Year*' award.

board

AND MANAGEMENT

Robert M Savage, Chairman and Independent Director
FASCPAS, FAICD, FAIM (Age 67)
Appointed director in 2001 and Chairman in October 2005

Mr Savage was formerly Chairman and Managing Director of IBM Australia and New Zealand. He is Chairman of David Jones Limited and a director of Fairfax Media Limited. Mr Savage is Chairman of Perpetual's Nominations Committee and a member of the Audit Risk and Compliance Committee and People and Remuneration Committee.

Current company directorships:
– David Jones Limited from October 1999 (Chairman)
– Fairfax Media Limited from June 2007.

Meredith J Brooks, Independent Director
BA, FIAA (Age 47)
Appointed director in November 2004

Ms Brooks was formerly Managing Director – US Institutional Investment Services for Frank Russell Company based in New York. She previously held the positions of Managing Director of Frank Russell Australasia for five years and Director – European Funds based in London. Ms Brooks is a member of Perpetual's Audit Risk and Compliance Committee and Investment Committee.

Current company directorships:
– Synergy & TaikOz Limited (Chairman).

E Paul McClintock AO, Independent Director
BA, LLB (Age 60)
Appointed director in April 2004

Mr McClintock is a director of investment banking firm, McClintock Associates. He has held this role since 1985, with the exception of the period between July 2000 and March 2003 when he was Secretary to the Cabinet and Head of the Cabinet Policy Unit in the Australian Government. He is Chairman of COAG Reform Council. Mr McClintock is Chairman of Perpetual's Investment Committee and a member of the Nominations Committee and People and Remuneration Committee.

Current company directorships:
– Thales Australia
– Medibank Private Limited
– Macquarie Infrastructure Investment Management Limited.

"We thank our shareholders and other stakeholders for their continued support, and our employees for their perseverance and dedication during a most difficult year"

Elizabeth M Proust, Independent Director
BA (Hons), LLB, FAICD (Age 58)
Appointed director in January 2006

Ms Proust 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 a member of the Major Performing Arts Board. She is Chairman of Perpetual's People and Remuneration Committee and a member of Perpetual's Audit Risk and Compliance Committee and Nominations Committee.

Current company directorships:
– Nestlé Australia Limited (Chairman)
– Spotless Group Limited
– Insurance Manufacturers of Australia Pty Limited
– Sinclair Knight Merz Pty Limited.

Peter B Scott, Independent Director
BE (Hons), M.Eng.Sc (Age 55)
Appointed director in July 2005

Mr Scott 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. Mr Scott is an advisory board member of Pilotlight Australia and an advisory panel member of Laing O'Rourke Australia. He is a member of Perpetual's Investment Committee and People and Remuneration Committee.

Current company directorships:
– Sinclair Knight Merz Pty Ltd (Chairman)
– Stockland Corporation Limited.

Philip J Twyman, Independent Director
BSc, MBA, FIA, FIAA, FAICD (Age 65)
Appointed director in November 2004

Mr Twyman was formerly Group Executive Director of the London-based Aviva plc. Prior to that, he was Chairman of Morley Fund Management, a director of the Quilter Group and Chief Financial Officer of General Accident plc, Aviva plc and the AMP Group. He is Chairman of Overseas Council Australia. He is Chairman of Perpetual's Audit Risk and Compliance Committee and a member of the Investment Committee and Nominations Committee.

Current company directorships:
– IAG Limited
– Medibank Private Limited
– Swiss Re Group (Australian board)
– ANZ Lenders Mortgage Insurance Pty Ltd (Chairman).

David M Deverall, Managing Director
BE (Hons), MBA (Stanford) (Age 43)
Appointed Managing Director in September 2003

Mr Deverall held senior management positions at Macquarie Bank Limited for seven years including Group Head of Macquarie Funds Management and Head of Strategy, Analysis and Planning. He was previously a strategy consultant with Bain and Company and The LEK Partnership. Mr Deverall is Chair of the Investment and Financial Services Association (IFSA).

Alternate directors

Roger Burrows – Chief Financial Officer
Ivan Holyman – Chief Risk Officer

For more detailed information on the Board of Perpetual Limited, please refer to the **2009 Annual Report**, which is available on-line.

FINANCIAL summary

Summary Consolidated Income Statement

For the 12 months ended 30 June	Operating Revenue 2009 $m	Operating Revenue 2008 $m	EBITDA[1] 2009 $m	EBITDA[1] 2008 $m	Profit Before Tax 2009 $m	Profit Before Tax 2008 $m
Perpetual Investments	203.0	294.5	84.9	167.9	59.0	147.0
Private Wealth	85.7	104.9	33.5	49.6	29.1	46.4
Corporate Trust	80.3	84.2	39.6	32.5	36.1	29.5
Group and Support Services	6.1	12.1	(22.3)	(22.9)	(26.0)	(29.3)
Total underlying result before significant items	375.1	495.7	135.7	227.1	98.2	193.6
Income tax expense					(32.5)	(60.1)
Underlying profit after tax before significant items					**65.7**	**133.5**
Significant items:						
– EMCF losses					(13.8)	(25.8)
– Gain/(loss) on sale of investments					(6.1)	21.1
– Restructuring costs					(8.1)	-
Total statutory net profit after tax (NPAT)					**37.7**	**128.8**

1 EBITDA represents earnings before interest, taxation, depreciation, amortisation of intangible assets, equity remuneration amortisation and significant items

Underlying profit after tax (UPAT) declined by 51% to $65.7 million for the 2009 financial year, driven mainly by a reduction in operating revenue.

The key driver of the fall in revenue was the significant decline in equity markets. This adversely impacted the market value of assets under our management from which the majority of our revenue is earned. The fall in revenue was offset by a decrease in expenses, both variable expenses in line with the fall in revenue, and fixed costs due to a restructure across the businesses in response to market conditions.

The key components of underlying profitability were:

– Perpetual Investments profit before tax down 60% to $59.0 million;

– Private Wealth profit before tax down 37% to $29.1 million;

– Corporate Trust profit before tax up 22% to $36.1 million;

– Group and Support Services net overheads down 11% to $26.0 million before tax.

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;

– funds under administration (FUA) for Corporate Trust.

The Group earns the majority of its revenue based on a percentage of total assets under management, advice or administration. Only a small proportion is charged on a per transaction basis.

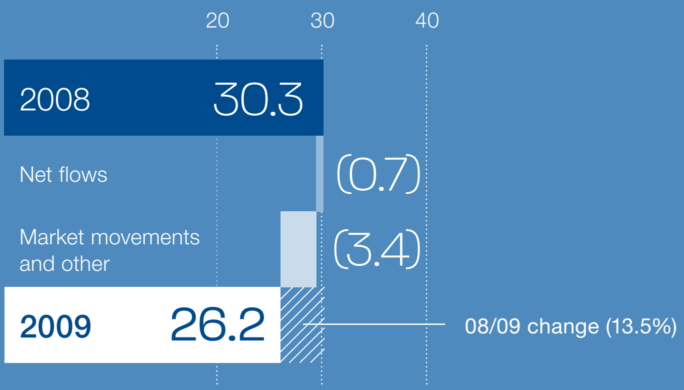
Movements in key revenue drivers

The charts on the next page summarise the movements in each business unit's key revenue driver across the year.

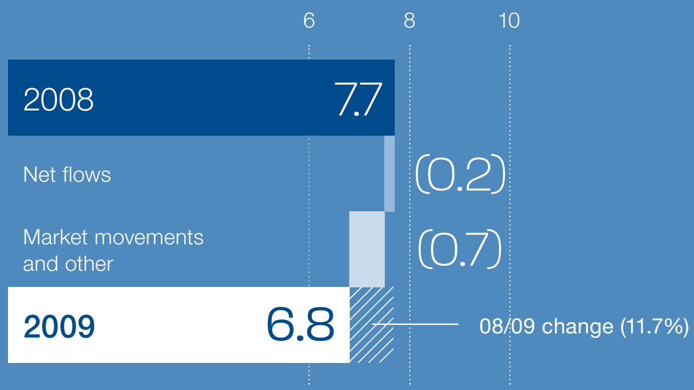
Perpetual Investments FUM fell by 13.5% over the year due to declines in domestic and global debt and equity markets. This decline was mitigated by the strong investment performance relative to benchmark of the Perpetual Investments business.

Movements in key revenue drivers

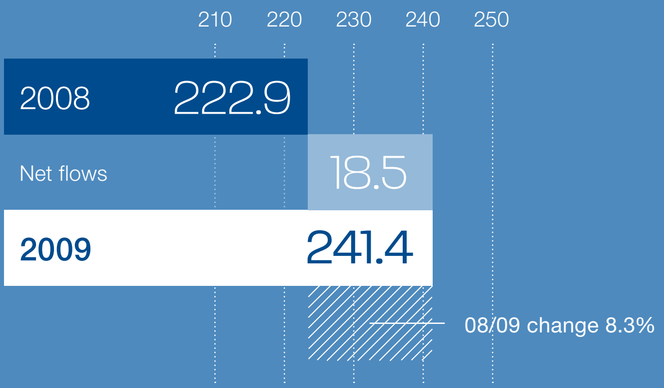
Perpetual Investments FUM ($b)



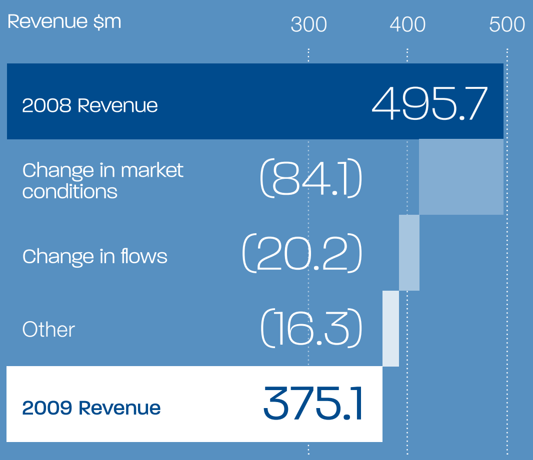
Private Wealth FUA ($b)



Corporate Trust FUA ($b)



Major influences on revenue during the 2009 financial year



Private Wealth FUA fell by 11.7% over the year, which reflected the lower debt and equity markets.

Corporate Trust FUA increased by 8.3% over the year. This was mainly due to the growth in repo-eligible securitisation of residential mortgage backed securities (RMBS) by approved deposit-taking institutions (ADI) to access additional liquidity from the Reserve Bank of Australia (RBA).

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. Private Wealth's FUA is approximately 50% exposed to the level of the equity markets.

Management calculates the expected impact on total revenue for each 1% movement in the ASX All Ordinaries Index (All Ords). At the level of the All Ords at the end of June 2009, a 1% movement in the market changes revenue by approximately $1.2 million to $1.7 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.

Major influences on revenue during the 2009 financial year

Market movements, particularly in equity markets, reduced revenue by $84.1 million in the financial year. Net outflows, both current year and the annualised effect of net outflows in the prior year, have reduced revenue by an additional $20.2 million.

Other influences on revenue include reduced investment income from the combination of lower Group cash balances and the decline in interest rates over the course of the financial year.

Underlying profit after tax (UPAT) reconciliation

UPAT excludes certain items that are either significant by virtue of their size and impact on net profit after tax or are 'one-off' in nature. These adjustments are set out in the following table. UPAT has been calculated in accordance with the guidelines issued by the AICD and Finsia.

UPAT – adjustments for significant items

For the 12 months ended 30 June	2009 $m	2008 $m	Increase/ (decrease) %
NPAT	37.7	128.8	(71)
Adjustments (after tax)			
– EMCF losses	13.8	25.8	~
– (Gains)/losses on sale of investments	6.1	(21.1)	~
– Restructuring costs	8.1	-	~
UPAT	65.7	133.5	(51)

Summary Consolidated Balance Sheet

	June 2009 $m	Dec 2008 $m	June 2008 $m
Assets			
Cash and cash equivalents	146.1	107.7	183.1
Liquid investments	36.7	60.5	77.0
Structured products – PPI loans to customers	319.6	340.6	343.6
Structured products – EMCF assets	1,495.8	2,091.9	1,507.3
Goodwill and other intangibles	86.1	81.3	66.4
Software intangibles	26.6	23.2	21.6
Other assets	159.5	153.2	171.1
Total assets	2,270.4	2,858.4	2,370.1
Liabilities			
Corporate loan facility	45.0	45.0	45.0
Structured products – PPI finance facilities	318.7	330.7	338.3
Structured products – EMCF liabilities	1,498.3	2,091.9	1,507.3
Other liabilities	118.4	129.8	165.1
Total liabilities	1,980.4	2,597.4	2,055.7
Net assets	**290.0**	**261.0**	**314.4**
Shareholder funds			
Contributed equity	174.2	168.8	163.8
Reserves	43.3	24.6	44.3
Retained earnings	72.4	64.6	105.6
Total shareholder funds	**289.9**	**258.0**	**313.7**
Minority interest	0.1	3.0	0.7
Total equity	**290.0**	**261.0**	**314.4**

Cash balances declined during 2009 with the payment of the final 2008 dividend, lower cash flows from operations, the acquisition of smartsuper Pty Limited (smartsuper) and Financial Pursuit Pty Limited (Financial Pursuit) and payments via the total return swap to the EMCF.

Liquid investments have declined due to the combination of a fall in equity markets and the redemption of seed fund investments.

PPI loans to customers have declined over the year with loan repayments from customers. The loan book was reduced by around $109 million during August 2009 with the repayment of loans by customers. This, in turn, has reduced the PPI finance facility liability by a similar amount.

Goodwill and other intangibles has increased during the year with the acquisitions of Financial Pursuit and smartsuper. Other intangibles are amortised over their useful life.

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

Financial Strength

As at 30 June		2009	2008
Cash	$m	146.1	183.1
Corporate debt	$m	(45.0)	(45.0)
Net cash	$m	101.1	138.1
Debt to equity (debt/debt + equity)[1]	%	13.4	12.5
Interest coverage (EBITDA/corporate debt facility interest expense)[2]	times	54	69

1 Excludes structured product loan funding which is operational debt used to fund a portfolio of secured loans
2 EBITDA excludes significant items

The Group's gearing remained low throughout the year and interest coverage of 54 times is significantly above the Group's internal targets.

Net cash declined by 27% to $101.1 million at June 2009. In May 2009, we announced the establishment of a dividend reinvestment plan (DRP) that will provide a flexible capital management tool in the event that we wish to raise equity capital.

In early July 2009, the Group increased its committed corporate borrowing facility by $25.0 million to $70.0 million. The $25.0 million remains undrawn at 19 August 2009.

Capital Management

The Group manages its capital and liquidity to sustain a strong and flexible balance sheet. We have adopted this conservative and prudent policy to ensure we can:

- efficiently support all of our businesses, particularly through turbulent financial markets such as we have experienced throughout the 2009 financial year;
- provide sufficient surplus capital to provide for uncertainty and operational risk that resides within our businesses;
- maintain adequate liquidity to ensure financial flexibility such as not being reliant and restricted by capital supplied by debt financiers; and
- have sufficient capital resources to take advantage of inorganic opportunities as they arise.

Over the course of 2009 we have undertaken a number of initiatives to further strengthen our capital position, including:

- Initiated cost savings to better position the Group;
- Revised our dividend policy in February 2009 to be calculated within a range of 80-100% of NPAT to ensure dividends do not exceed current year earnings (subject to a transition period);
- Announced the implementation of a DRP in our Chairman's Letter in May 2009. The DRP has been designed to be flexible as it allows for a discretionary discount (set at 2.5% initially) and existing shares can be sourced on market to satisfy the DRP when the company has no need to raise capital. We will satisfy DRP demand for the final dividend for the 2009 financial year by issuing new shares to participants;
- Increased the committed debt facility from our long term banking partner from $45.0 million to $70.0 million in July 2009. The additional $25.0 million remains undrawn as at 19 August; and
- Improved the overall credit quality of the Group's risk assets and reduced exposure to structured products.

Shareholder Returns

For the 12 months ended 30 June[1, 2]		2009	2008
Earnings per share (EPS) on UPAT	cents	156	321
EPS on NPAT	cents	89	309
Return on equity (ROE) on UPAT	%	22.8	40.7
ROE on NPAT	%	13.0	39.3

1 EPS is calculated using the weighted average number of ordinary shares and potential ordinary shares on issue
2 ROE is calculated using average equity

EPS and ROE have both declined in line with reduced profitability. The number of shares on issue increased slightly during the financial year due to employee share plan related issues. Average shareholders' equity declined over the financial year due to the combination of the final dividend of the 2008 financial year (paid September 2008) and the interim dividend for the 2009 financial year (paid March 2009) exceeding full year NPAT. This reduced retained earnings.

Dividends

Perpetual revised its dividend policy during the financial year to pay dividends within a range of 80-100% of NPAT, 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 company an appropriate degree of financial flexibility. The previous dividend policy, which was based on a 90% payout of cash earnings, had the unintended consequence of paying dividends in excess of actual profits generated by the Group. We do not believe paying dividends in excess of actual profits is sustainable in the long term.

At the time of announcing the change in dividend policy, it was noted that there would be a transition to the new policy. As such, the February 2009 interim dividend was struck at a 120% payout ratio of NPAT.

A final fully franked dividend of 60 cents per share will be paid on 30 September 2009 (record date 2 September 2009) (June 2008 final dividend: 141 cents per share, fully franked). In respect of the 2009 financial year, total dividends will be 100 cents per share, fully franked (2008 total dividends: 330 cents per share, fully franked).

The final dividend of 60 cents per share represents a payout ratio of 108% of second half NPAT and is a continuation of the transition to the new dividend policy.

The Group's franking credit balance as at 30 June 2009 was $44.9 million, which will enable it to fully frank $104.8 million of dividends. After payment of the final dividend for 2009, the franking balance is capable of fully franking a further $79.3 million of dividends.

Summary Consolidated Cash Flow Statement

For the 12 months ended 30 June	2009 $m	2008 $m
Underlying EBITDA	**135.7**	**227.1**
Interest paid	(2.5)	(3.3)
Income taxes paid	(35.7)	(72.5)
Net movements in working capital	(8.4)	(5.3)
Cash flows applicable to significant items	(26.4)	(36.9)
Net operating cash flows	62.7	109.1
Capital expenditure and investment cash flows		
Payments for property, plant and equipment	(14.0)	(17.7)
Net proceeds/(payments) for investments	17.4	49.1
Tax paid on the sale of investments	(8.8)	(10.1)
Acquisition of businesses	(19.2)	(5.4)
Net repayment/(issuing) of loans	0.4	(5.1)
Total capital expenditure and investment cash flows	(24.2)	10.8
Financing cash flows		
Proceeds from issue of shares	1.1	5.1
Payments for on-market share purchases	(0.4)	-
Dividends paid	(76.2)	(156.5)
Total financing cash flows	(75.5)	(151.4)
Total net cash flow	**(37.0)**	**(31.5)**
Cash at the beginning of the financial year	183.1	214.6
Cash at the end of the financial year	146.1	183.1

Underlying EBITDA represents the net cash flows from our business units. The decline in operating cash flows of 43% is consistent with the fall in UPAT.

Cash flows from significant items of $26.4 million in 2009 include cash outflows from the funding of losses within the EMCF of $19.7 million. The balance of cash flows from significant items of $6.7 million relates to cash payments for restructuring, mainly severance payments to staff.

Payments for property, plant and equipment of $14.0 million in 2009 mainly relate to capitalised software and monies spent on developing a new client relationship management tool within Private Wealth (myClient) and finalising the development of the registry platform.

Net payments and proceeds for investments of $17.4 million in 2009 relate to funds invested and redeemed for seeding new investment ideas.

The $19.2 million for acquisition of businesses relates to the acquisitions of smartsuper and Financial Pursuit during the financial year.

Dividends paid are the 2008 final dividend of $59.2 million and 2009 interim dividend of $17.0 million.

Cash generation is closely tied to underlying profits given the low aging of customer receivables. Our cash flows fluctuate throughout the year, with the main cash outflow being dividends to shareholders which are paid twice per annum.

Our cash balance remains strong, closing the financial year at $146.1 million.

Subsequent Events

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.

Directors' and executives' remuneration 2009

In the current economic environment there has, understandably, been a lot of scrutiny and comment on the level of executive remuneration. During the year the People and Remuneration Committee (PARC) has undertaken an extensive review of our executive remuneration policy and arrangements in light of this and we confirmed our belief that Perpetual strikes an appropriate risk/reward balance that treats our staff, shareholders and clients fairly.

This review of remuneration showed that we have a strong and robust policy and structure in place. It is highly developed and well structured and so is a solid base for implementing any changes that may flow from the current Australian Government initiatives, such as the Productivity Commission's review of executive remuneration and the recent budget changes to employee share plans, while still staying true to our underlying philosophy of reward. We are confident therefore that whatever changes we might need to implement will be accommodated within our current policy and structure.

Managing Director and executive remuneration 2009

	Total $	Short-term $	Post-employment $	Share-based payments $
Managing Director				
D Deverall	195,925	1,290,149	43,958	(1,138,182)
Group executives				
R Brandweiner	434,335	402,753	13,745	17,837
R Burrows	825,018	602,342	47,745	174,931
C Doyle	1,066,376	608,080	13,745	444,551
E Gonzalez	1,160,712	589,893	13,745	557,074
C Green	652,800	547,882	13,745	91,173
I Holyman	655,053	336,637	95,945	222,471
J Nesbitt	1,067,025	628,049	98,776	340,200
M Pancino	463,981	430,055	17,116	16,810
J Stewart	355,103	327,959	18,745	8,399
E Wang	854,853	390,788	13,745	450,320
Departed Group Executives				
P Vernon	825,790	989,614	6,872	(170,696)
Total	**8,556,971**	**7,144,201**	**397,882**	**1,014,888**

Director remuneration 2009

	Total $	Short-term $	Post-employment $	Share-based payments $
R M Savage	468,745	335,378	72,700	60,667
M J Brooks	211,745	198,000	13,745	-
E P McClintock	232,636	174,891	13,745	44,000
E M Proust	225,495	200,750	13,745	11,000
P B Scott	207,797	166,552	13,745	27,500
P J Twyman	244,745	176,000	13,745	55,000
Non-executive directors who retired during the year				
A Stevens	126,206	117,780	8,426	-
Total	**1,717,369**	**1,369,351**	**149,851**	**198,167**

Directors' declaration

The directors declare that the summarised financial statements and notes set out under the 'Financial Summary' from pages 16 to 21 are consistent with the Financial Statements of Perpetual Limited and its controlled entities for the year ended 30 June 2009, including the Directors' Report from which they are derived. The directors also declare that the Financial Summary gives a true and fair view of the financial position of Perpetual Limited (the Company), its consolidated entities as at 30 June 2009 and its performance as represented by the results of its operations and its cash flows for the financial year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Robert Savage
Chairman

David Deverall
Managing Director and
Chief Executive Officer

Sydney 19 August 2009

Independent auditor's review statement on the summarised financial statements to the members of Perpetual Limited

Scope

We have reviewed the accompanying Financial Summary of Perpetual Limited (the Company) comprising the summary consolidated balance sheet as at 30 June 2009, the summary consolidated income statement, consolidated cash flow statement for the year then ended, and the Directors and Executives' remuneration set out on page 21 which was derived from the financial report of Perpetual Limited for the year ended 30 June 2009. We expressed an unmodified auditor's opinion on that financial report in our auditor's report dated 19 August 2009.

The responsibility of directors' for the summarised financial report

The directors are responsible for the preparation and presentation of the summarised financial statements. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the summarised financial statements.

Auditor's responsibility

Our responsibility is to express a conclusion on the summarised financial statements based on our review, which was conducted in accordance with Australian Auditing Standards applicable to review engagements. 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.

Review approach

We have reviewed the principles applied in determining the basis upon which disclosures in the summarised financial statements have been measured and recognised. We have also performed an independent audit of the statutory financial report (refer Financial Statements including Directors' Report) and the remuneration disclosures of the Company and its controlled entities for the year ended 30 June 2009.

Our audit report on the statutory financial report, and the remuneration disclosures was signed 19 August 2009, and was not subject to any qualification.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001.*

Conclusion

Based on our review, which is not an audit, we have no reason to believe that the information reported in the Financial Summary set out on pages 16 to 21, in all material respects, has not been prepared on a basis that is inconsistent with the audited statutory financial report.

KPMG

Dr Andries B Terblanché
Partner

Sydney 19 August 2009

Five year profile

Perpetual Limited comparative financial performance – 2005 financial year to 2009 financial year

		2009	2008	2007	2006	2005
Operating revenue[1]	$m	365.5	476.3	445.0	385.2	342.1
Investment income	$m	9.6	19.4	21.2	17.6	11.4
Total revenue	$m	375.1	495.7	466.2	402.8	353.5
Underlying EBITDA[2]	$m	135.7	227.1	238.0	206.6	158.0
Underlying profit before tax[2]	$m	98.2	193.6	206.9	178.0	141.4
Underlying profit after tax (UPAT)[2]	$m	65.7	133.5	145.3	122.4	95.8
Net profit after tax (NPAT)	$m	37.7	128.8	182.1	135.3	119.1
Earnings per share (UPAT)[3]	cents	156	321	353	300	246
Earnings per share (NPAT)[3]	cents	89	309	442	332	306
Return on average shareholders' equity[4]	%	22.8	40.7	43.2	40.8	34.3
Dividend per share – ordinary[5]	cents	100	330	360	326	260
Dividend per share – special[5]	cents	-	-	-	100	100
Total shareholders' equity at 30 June	$m	290.0	314.4	341.0	331.0	269.3
Capital expenditure	$m	14.0	17.7	17.9	26.4	9.3
Market capitalisation	$m	1,214	1,794	3,234	2,977	2,303
No. shares on issue – weighted average[6]	m	42.2	41.6	41.2	40.8	38.9
No. shares on issue at 30 June[6]	m	42.5	42.0	41.2	40.7	40.1
Share price at 30 June	$	28.55	42.77	78.51	73.15	57.43
Share price range for year	$low	21.60	40.95	67.80	57.60	44.80
	$high	52.44	83.27	84.20	74.00	68.50

1 Excludes income from structured investments
2 Excludes significant items, sale of building and costs of major strategic initiatives
3 Diluted earnings per share calculated using the weighted average number of ordinary shares and potential ordinary shares on issue
4 Calculated using underlying profit after tax
5 Dividends declared with respect to the financial year
6 Includes ordinary shares and potential ordinary shares

SHAREHOLDER calendar

2009

SEPTEMBER

30-09-09

Final Dividend Payment

OCTOBER

22-10-09

Annual General Meeting

DECEMBER

31-12-09

Half Year End

2010

FEBRUARY

Feb-2010

Interim profit and dividend announcement

MARCH

Mar-2010

Payment of interim dividend

JUNE

30-06-10

Full Year End

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