



Perpetual Limited  
ABN 86 000 431 827

# **FINANCIAL STATEMENTS**

For the 6 months  
ended 31 December 2016

Perpetual 

# PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES

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**PERPETUAL LIMITED**  
**ABN 86 000 431 827**  
**AND ITS CONTROLLED ENTITIES**

**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 2016 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) MEngSc (Age 62)**

Appointed Director in July 2005 and Chairman on 26 October 2010. 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. He is Chairman of Perpetual Equity Investment Company Limited and a Non-executive Director of Transurban Group. Mr Scott is also an advisory board member of Igniting Change, a member of the Prime Minister's Community Business Partnership and a Fellow of the Senate of the University of Sydney. 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 August 2016)
- Perpetual Equity Investment Company Limited (from August 2014 to present)
- Transurban Group (from March 2016 to present)

**Tony D'Aloisio AM, Chairman-elect and Independent Director**  
**BA LLB (Hons) (Age 67)**

Appointed Director and Chairman-elect in December 2016. Mr D'Aloisio was formerly Commissioner for the Australian Securities and Investments Commission (ASIC) in 2006 and Chairman in 2007 for a four-year term. He was Chairman of the (International) Joint Forum of the Basel Committee on banking supervision from 2009-2011. Prior to joining ASIC he was CEO and MD at the Australian Securities Exchange from 2004-2006. He is currently Chairman of IRESS Limited, a Board member of PPB Advisory and of Aikenhead Centre for Medical Discovery Ltd and President of the European Capital Markets Cooperative Research Centre.

Mr D'Aloisio has close to 40 years' experience in both executive and non-executive roles in commercial and Government enterprises. He has held numerous senior positions in both local and international bodies, and has extensive knowledge of the financial markets sector.

Listed company directorships held during the past three financial years:

- IRESS Limited (from June 2012 to present)

**Philip Bullock, Independent Director**  
**BA MBA GAICD Dip Ed (Age 63)**

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 Chief Executive Officer and Managing Director of IBM Australia and New Zealand. His career with IBM spanned almost 30 years in the Asia Pacific region. Mr Bullock is a Non-executive Director of Hills Limited and formerly of Healthscope Limited and CSG Limited. He also provided advice to the Federal Government, through a number of organisations, most notably as Chair of Skills Australia. He is a member of Perpetual's Audit, Risk and Compliance Committee and People and Remuneration Committee.

**PERPETUAL LIMITED  
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**DIRECTORS' REPORT (continued)**

**Directors (continued)**

**Philip Bullock, Independent Director  
BA MBA GAICD Dip Ed (Age 63) (continued)**

Mr Bullock brings to the Board extensive management experience in Australia and Asia in technology, client relationships, marketing, talent development and government.

Listed company directorships held during the past three financial years:

- CSG Limited (from August 2009 to November 2015)
- Hills Limited (from June 2014 to the present)

**Sylvia Falzon, Independent Director  
MIR (Hons) BBus GAICD SF Fin (Age 52)**

Appointed Director in November 2012. Ms Falzon has worked in the financial services industry for over 27 years and during that time has held senior executive positions responsible for institutional and retail funds management businesses, both domestically and internationally. Her roles have included Head of Business Development at Aviva Investors Australia, an equity partner at Alpha Investment Management and Chief Manager International Sales & Service at National Mutual Funds Management/AXA. Ms Falzon is currently a Non-executive Director of Regis Healthcare Limited, Cabrini Health Ltd and the Museums Board of Victoria. She is Chairman of Perpetual's People and Remuneration Committee and a member of Perpetual's Investment Committee and Nominations Committee.

Ms Falzon brings to the Board her extensive knowledge and insight in the development of asset management businesses with a particular focus on marketing, sales/distribution, client service and operations including risk and compliance.

Listed company directorships held during the past three financial years:

- SAI Global Limited (from October 2013 to December 2016 due to acquisition of the company by Private Equity)
- Regis Healthcare Limited (from September 2014 to present)

**Nancy Fox, Independent Director  
BA JD (Law) FAICD (Age 60)**

Appointed Director in September 2015. Ms Fox has more than 30 years' experience in financial services, securitisation and risk management gained in Australia, the US and across Asia. A lawyer by training, she was Managing Director for Ambac Assurance Corporation from 2001 to 2011 and previously Managing Director of ABN Amro Australia from 1997 to 2001. She is currently a director of HCF Life and Kinetic Superannuation Ltd and also sits on the Boards of the Taronga Conservation Society Australia and the Australian Theatre for Young People. She is a member of Perpetual's Audit, Risk and Compliance Committee and People and Remuneration Committee.

Ms Fox brings to the Board a deep knowledge of developing and leading successful financial services businesses and extensive experience with securitisation, regulatory frameworks, risk management and governance.

**Ian Hammond, Independent Director  
BA (Hons) FCA FCPA GAICD (Age 58)**

Appointed Director in March 2015. Mr Hammond was a partner at PricewaterhouseCoopers for 26 years and during that time held a range of senior management positions including lead partner for several major financial institutions. He has previously been a member of the Australian Accounting Standards Board and represented Australia on the International Accounting Standards Board. Mr Hammond is a Non-executive Director of Citibank Australia and Stadium Australia Group and a board member of a number of not-for-profit organisations including Mission Australia and Chris O'Brien Lifehouse. He is Chairman of Perpetual's Audit Risk and Compliance Committee and a member of Perpetual's Investment Committee and Nominations Committee.

**PERPETUAL LIMITED  
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**DIRECTORS' REPORT (continued)**

**Directors (continued)**

**Ian Hammond, Independent Director  
BA (Hons) FCA FCPA GAICD (Age 58) (continued)**

Mr Hammond has deep knowledge of the financial services industry and brings to the Board expertise in financial reporting and risk management.

**P Craig Ueland, Independent Director  
BA (Hons and Distinction) MBA (Hons) CFA (Age 58)**

Appointed Director in September 2012. Mr Ueland was formerly President and Chief Executive Officer of Russell Investments, a global leader in multi-manager investing. He previously served as Russell's Chief Operating Officer, Chief Financial Officer, and Managing Director of International Operations, which he led from both London and the firm's headquarters in the US. Earlier in his career he opened and headed Russell's first office in Australia. Mr Ueland chairs the Endowment Investment Committee for The Benevolent Society, is a member of the board of the Stanford Australia Foundation and the Supervisory Board of OneVentures Innovation and Growth Fund II. He is Chairman of Perpetual's Investment Committee and a member of Perpetual's Audit, Risk and Compliance Committee and Nominations Committee.

Mr Ueland brings to the Board detailed knowledge of global financial markets and the investment management industry, gleaned from more than 20 years as a senior executive of a major investment firm, along with a strong commitment to leadership development and corporate strategy development and execution.

**Geoff Lloyd  
Chief Executive Officer and Managing Director  
Barrister at Law LLM (Distinction) (UTS) Adv Mgt Program (Harvard) (Age 48)**

Mr Lloyd joined Perpetual in August 2010 and was appointed CEO and Managing Director in February 2012. In 2012, Mr Lloyd and his senior leadership team rolled out Perpetual's Transformation 2015 strategy designed to simplify, refocus and grow Perpetual. Growth initiatives put in place as part of this strategy include the successful acquisition of The Trust Company in December 2013 and the launch of a new Global Equity capability in September 2014.

Before being appointed CEO and Managing Director, Mr Lloyd was Group Executive of Private Wealth at Perpetual, where he led the development and implementation of the growth strategy for this business. He took on the additional responsibility of head of retail distribution in September 2011.

Before commencing at Perpetual, Mr Lloyd held a number of senior roles at BT Financial Group and St. George's Wealth Management business including General Manager, Advice and Private Banking and Group Executive Wealth Management.

Mr Lloyd was appointed Chair of the Financial Services Council (FSC) in July 2016. Prior to this appointment, he held a number of positions in the FSC including Co-Deputy Chairman, Deputy Chairman of the FSC's Administration & Risk Board Committee, Deputy Chairman of the FSC's Nominations Board Committee and Co-Chairman of the FSC's Advice Board Committee.

Mr Lloyd is an advisory board member of The Big Issue, and the Patron of the Financial Industry Community Aid Program. He is a patron of the Emerge Foundation and is also Chairman of the University of Technology Sydney Law School Advisory Board.

Mr Lloyd has a Masters of Law (Distinction) from the University of Technology, Sydney and has completed the Harvard University Advanced Management Program.

**PERPETUAL LIMITED**  
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**DIRECTORS' REPORT (continued)**

**Company secretaries (continued)**

**Joanne Hawkins**  
**BCom LLB Grad Dip CSP FGIA GAICD GAIST**

Appointed Company Secretary in June 2003. Ms Hawkins is head of Perpetual's Legal, Compliance and Company Secretariat teams.

Prior to joining Perpetual, 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.

**Glenda Charles**  
**Grad Dip Corp Gov ASX Listed Entities GIA (Cert)**

Joined Perpetual in August 1994. Ms Charles was appointed Assistant Company Secretary of Perpetual in 1999 and Deputy Company Secretary in 2009. She has over 20 years' experience in company secretarial practice and administration and has worked in the financial services industry for over 30 years.

**Review of operations**

A review of operations is included in the Operating and Financial Review (OFR).

For the half-year ended 31 December 2016, Perpetual reported a net profit after tax attributable to equity holders of Perpetual Limited of \$66.0 million compared to the net profit after tax attributable to equity holders of Perpetual Limited for the half-year ended 31 December 2015 of \$64.4 million.

For the half-year ended 31 December 2016, Perpetual reported an underlying profit after tax attributable to equity holders of Perpetual Limited of \$65.7 million compared to the underlying profit after tax attributable to equity holders of Perpetual Limited for the half-year ended 31 December 2015 of \$63.6 million.

Underlying profit after tax attributable to equity holders of Perpetual Limited excludes certain items, that are either significant by virtue of their size and impact on net profit after tax attributable to equity holders of Perpetual Limited, or are deemed to be outside normal operating activities. Underlying profit after tax attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.

The reconciliation of net profit after tax attributable to equity holders of Perpetual Limited to underlying profit after tax attributable to equity holders of Perpetual Limited for the half-year ended 31 December 2016 is as follows:

	<b>6 months ended</b>	
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net profit after tax attributable to equity holders of Perpetual Limited</b>	<b>66,035</b>	<b>64,386</b>
<b>Significant items after tax:</b>		
Recoveries	-	(682)
Gain on sale of business	(371)	(153)
<b>Underlying profit after tax attributable to equity holders of Perpetual Limited</b>	<b>65,664</b>	<b>63,551</b>

**PERPETUAL LIMITED**  
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**DIRECTORS' REPORT (continued)**

**Review of operations (continued)**

Underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the consolidated entity as determined by the Board and management. UPAT has been calculated in accordance with the AICD/Finsia principles for reporting underlying profit and ASIC's Regulatory Guide 230 - Disclosing non-IFRS financial information. UPAT attributable to equity holders of Perpetual Limited has not been reviewed by our external auditors, however the adjustments to net profit after tax attributable to equity holders of Perpetual Limited have been extracted from the books and records that have been reviewed.

During the last financial year, a change in the classification of realised gains or losses resulting from the disposal of Perpetual's seed fund investments has been made. These activities form a part of the group's operating model and the disposal of investments occurs on a regular basis. As such, it was determined that it was more appropriate to reflect these gains (or losses) as a part of UPAT rather than as significant items. Comparatives have been restated.

**Dividends**

On 23 February 2017, the Directors resolved to pay a fully franked interim dividend of \$1.30 per share (2016: \$1.25 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 periods.

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

The Lead Auditor's Independence Declaration is set out on page 8 and forms part of the Directors' report for the half-year ended 31 December 2016.

**Rounding off**

The Company is of a kind referred to in *ASIC Corporations Instruments 2016/191* dated 1 April 2016 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



Geoff Lloyd  
Managing Director

Dated at Sydney this 23<sup>rd</sup> day of February 2017.



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

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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 2016 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

Martin McGrath  
*Partner*

Sydney

23 February 2017



**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**for the half-year ended 31 December 2016**

	Section	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Revenue	1-2	255,472	244,008
Expenses	1-3	(161,835)	(153,868)
Financing costs		(1,547)	(1,409)
<b>Net profit before tax</b>		<b>92,090</b>	<b>88,731</b>
Income tax expense	1-4	(26,055)	(24,345)
<b>Net profit after tax</b>		<b>66,035</b>	<b>64,386</b>
<b>Other comprehensive income</b>			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		(3)	(7)
Available-for-sale financial assets - net change in fair value		1,924	(1,546)
Available-for-sale financial assets - impairment reclassified to profit or loss		-	111
Available-for-sale financial assets - reclassified to profit or loss on disposal		(142)	-
Income tax on items that may be reclassified to profit or loss		(535)	431
<b>Other comprehensive income, net of income tax</b>		<b>1,244</b>	<b>(1,011)</b>
<b>Total comprehensive income</b>		<b>67,279</b>	<b>63,375</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of Perpetual Limited		67,279	63,375
<b>Earnings per share</b>			
Basic earnings per share – cents per share		144.5	142.5
Diluted earnings per share – cents per share		141.5	139.1

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the 'Notes to and forming part of the Condensed Consolidated Financial Statements' set out on pages 13 to 26.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Condensed Consolidated Statement of Financial Position**  
**as at 31 December 2016**

	Section	31 Dec 2016 \$'000	30 Jun 2016 \$'000
<b>Assets</b>			
Cash and cash equivalents	3-1	256,514	278,230
Receivables		97,374	88,156
Structured products - EMCF assets	4-1	271,022	299,694
Prepayments		20,032	12,129
<b>Total current assets</b>		<b>644,942</b>	<b>678,209</b>
Other financial assets		76,120	75,493
Property, plant and equipment		25,446	24,832
Intangibles		334,469	339,324
Deferred tax assets		25,312	30,384
Prepayments		4,326	5,067
<b>Total non-current assets</b>		<b>465,673</b>	<b>475,100</b>
<b>Total assets</b>		<b>1,110,615</b>	<b>1,153,309</b>
<b>Liabilities</b>			
Payables		46,291	38,523
Structured products - EMCF liabilities	4-1	270,788	299,971
Current tax liabilities		6,809	21,863
Employee benefits		29,937	49,871
Provisions	2-1	1,709	1,570
<b>Total current liabilities</b>		<b>355,534</b>	<b>411,798</b>
Payables		3,676	3,568
Borrowings	3-2	87,000	87,000
Deferred tax liabilities		18,581	20,125
Employee benefits		8,813	6,860
Provisions	2-1	18,712	18,439
<b>Total non-current liabilities</b>		<b>136,782</b>	<b>135,992</b>
<b>Total liabilities</b>		<b>492,316</b>	<b>547,790</b>
<b>Net assets</b>		<b>618,299</b>	<b>605,519</b>
<b>Equity</b>			
Contributed equity	3-3	501,167	493,465
Reserves		15,897	17,165
Retained earnings		101,235	94,889
<b>Total equity attributable to holders of Perpetual Limited</b>		<b>618,299</b>	<b>605,519</b>
<b>Total equity</b>		<b>618,299</b>	<b>605,519</b>

The Condensed Consolidated Statement of Financial Position is to be read in conjunction with the 'Notes to and forming part of the Condensed Consolidated Financial Statements' set out on pages 13 to 26.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Condensed Consolidated Statement of Changes in Equity**  
**for the half-year ended 31 December 2016**

<b>\$000</b>	<b>Gross contributed equity</b>	<b>Treasury share reserve</b>	<b>Equity compensation reserve</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Equity holders of Perpetual</b>	<b>Total</b>
<b>Balance at 1 July 2016</b>	552,755	(59,290)	13,637	3,528	94,889	605,519	605,519
<b>Total comprehensive income</b>	-	-	-	<b>1,244</b>	<b>66,035</b>	<b>67,279</b>	<b>67,279</b>
Movement on treasury shares	(2,194)	9,896	(8,560)	-	858	-	-
Equity remuneration expense	-	-	6,048	-	-	6,048	6,048
Dividends paid to shareholders	-	-	-	-	(60,547)	(60,547)	(60,547)
<b>Balance at 31 December 2016</b>	<b>550,561</b>	<b>(49,394)</b>	<b>11,125</b>	<b>4,772</b>	<b>101,235</b>	<b>618,299</b>	<b>618,299</b>

<b>\$000</b>	<b>Gross contributed equity</b>	<b>Treasury share reserve</b>	<b>Equity compensation reserve</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Equity holders of Perpetual</b>	<b>Total</b>
<b>Balance at 1 July 2015</b>	551,926	(70,038)	14,865	8,617	78,324	583,694	583,694
<b>Total comprehensive income/(expense)</b>	-	-	-	<b>(1,011)</b>	<b>64,386</b>	<b>63,375</b>	<b>63,375</b>
Movement on treasury shares	916	10,416	(11,777)	-	445	-	-
Equity remuneration expense	-	-	6,521	-	-	6,521	6,521
Dividends paid to shareholders	-	-	-	-	(58,218)	(58,218)	(58,218)
<b>Balance at 31 December 2015</b>	<b>552,842</b>	<b>(59,622)</b>	<b>9,609</b>	<b>7,606</b>	<b>84,937</b>	<b>595,372</b>	<b>595,372</b>

The Condensed Consolidated Statement of Changes in Equity is to be read in conjunction with the 'Notes to and forming part of the Condensed Consolidated Financial Statements' set out on pages 13 to 26.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Condensed Consolidated Statement of Cash Flows**  
**for the half-year ended 31 December 2016**

	31 Dec 2016	31 Dec 2015
Section	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	264,876	260,582
Cash payments in the course of operations	(185,612)	(186,124)
Dividends received	45	58
Interest received	2,620	3,481
Interest paid	(1,476)	(1,409)
Income taxes paid	(38,158)	(35,012)
<b>Net cash from by operating activities</b>	<b>42,295</b>	<b>41,576</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant, equipment and software	(8,335)	(4,912)
Payments for investments	(10,258)	(27,125)
Payment for acquisition of business	-	(5,831)
Proceeds from sale of business	371	153
Proceeds from the sale of investments	14,758	5,212
<b>Net cash used in investing activities</b>	<b>(3,464)</b>	<b>(32,503)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(60,547)	(58,218)
<b>Net cash used in financing activities</b>	<b>(60,547)</b>	<b>(58,218)</b>
Net decrease in cash and cash equivalents	(21,716)	(49,145)
Cash and cash equivalents at 1 July	278,230	289,356
<b>Cash and cash equivalents at 31 December</b>	<b>256,514</b>	<b>240,211</b>

The Condensed Consolidated Statement of Cash Flows is to be read in conjunction with 'Notes to and forming part of the Condensed Consolidated Financial Statements' set out on pages 13 to 26.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements**  
**for the half-year ended 31 December 2016**

**Section 1                      Group performance**

*This section focuses on the results and performance of Perpetual as a consolidated entity. On the following pages you will find disclosures explaining Perpetual's results for the period, segmental information, taxation, earnings per share and dividend information.*

**1-1 Operating segments**

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components and for which discrete financial information is available. All operating segments' operating results are regularly reviewed by the consolidated entity's CEO to make decisions about resources to be allocated to the segment and assess their performance.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, income tax expenses, assets and liabilities.

The following summary describes the operations in each of the reportable segments:

**i. Services provided**

The consolidated entity operates in the financial services industry in Australia and Singapore 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.
Perpetual Private	Perpetual Private 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. Perpetual Private also provides many of these services to charities, not for profit and other philanthropic organisations.
Perpetual Corporate Trust	Perpetual Corporate Trust provides fiduciary services incorporating safe-keeping and recording of assets and transactions as custodian, responsible entity services, trustee services for securitisation, unit trusts, REITS and debt securities, data warehouse and investor reporting and registrar, or agent for corporate and financial services clients.

**ii. Geographical information**

The consolidated entity operates in Australia and Singapore. The majority of the consolidated entity's revenue and assets relate to operations in Australia. The Singapore operation is not material.

**iii. Major customer**

The consolidated entity does not rely on any major customer.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**1-1 Operating segments (continued)**

	<b>Perpetual Investments<sup>1</sup> \$'000</b>	<b>Perpetual Private \$'000</b>	<b>Perpetual Corporate Trust \$'000</b>	<b>Total \$'000</b>
<b>31 December 2016</b>				
External revenues	116,280	86,569	44,490	247,339
Interest revenue	201	56	51	308
Total revenue for reportable segment	116,481	86,625	44,541	247,647
Depreciation and amortisation	(1,348)	(5,042)	(3,048)	(9,438)
Reportable segment net profit before tax	58,814	18,709	16,773	94,296
Reportable segment assets	322,236	210,891	187,461	720,588
<b>31 December 2015</b>				
External revenues	112,655	82,254	42,398	237,307
Interest revenue	399	96	15	510
Total revenue for reportable segment	113,054	82,350	42,413	237,817
Depreciation and amortisation	(931)	(4,674)	(2,349)	(7,954)
Reportable segment net profit before tax	57,162	17,228	16,621	91,011
Reportable segment assets	344,163	214,003	192,296	750,462
<b>30 June 2016</b>				
Reportable segment assets	341,093	212,319	185,529	738,941

<sup>1</sup>Segment information for Perpetual Investments includes the Exact Market Cash Funds, refer to section 4-1(i).

	<b>31 Dec 2016 \$'000</b>	<b>31 Dec 2015 \$'000</b>
<b>Reconciliations of reportable segment revenues, net profit before tax, total assets</b>		
<b>Revenues</b>		
Total revenue for reportable segments	247,647	237,817
Add: Group and Support Services revenue	6,824	6,017
Net gain on sale of investments	630	21
Total revenue from continuing operations	255,101	243,855
<b>Net profit before tax</b>		
Total net profit before tax for reportable segments	94,296	91,011
Financing costs	(1,547)	(1,409)
Gain on sale of business	371	153
Recoveries	-	682
Group and Support Services expense	(1,030)	(1,706)
Net profit before tax	92,090	88,731

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

	31 Dec 2016 \$'000	30 Jun 2016 \$'000
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**1-1 Operating segments (continued)**

Total assets for reportable segments	720,588	738,941
Group and Support Services assets	390,027	414,368
Total assets	<u>1,110,615</u>	<u>1,153,309</u>

	31 Dec 2016 \$'000	31 Dec 2015 \$'000
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**1-2 Revenue**

Revenue from the provision of services	243,408	233,163
Income from structured products	3,997	4,152
Dividends	40	50
Interest and unit trust distributions	7,026	6,469
Net gain on sale of investments	630	21
Revenue from continuing operations	<u>255,101</u>	<u>243,855</u>
Gain on sale of business	371	153
	<u>255,472</u>	<u>244,008</u>

**1-3 Expenses**

Staff related expenses excluding equity remuneration expense	89,563	82,367
Occupancy expenses	9,072	8,896
Administrative and general expenses	45,157	45,388
Distributions and expenses relating to structured products	2,695	3,171
Equity remuneration expense	5,743	5,869
Depreciation and amortisation expense	9,605	8,066
Impairment of assets	-	111
	<u>161,835</u>	<u>153,868</u>

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>1-4 Income taxes</b>		
<b>Current period tax expense</b>		
Current period tax expense	24,149	17,237
Adjustment for prior periods	(728)	(450)
Research and development tax incentives from prior periods	(359)	(1,061)
Total current tax expense impacting income taxes payable	<u>23,062</u>	<u>15,726</u>
<b>Deferred tax expense</b>		
Temporary differences	2,993	8,619
Total income tax expenses	<u>26,055</u>	<u>24,345</u>
<b>Profit before tax for the period</b>	92,090	88,731
Prima facie income tax expense calculated at 30% (2015: 30%) on profit for the period	27,627	26,619
– Accounting gains on disposal of investment and businesses	(189)	(6)
– Accounting impairment on assets	-	33
– Acquisition/disposal costs	(111)	(46)
– Prior period adjustments	(1,087)	(1,511)
– Other non-taxable income/expenses and tax credits	(185)	(744)
<b>Total</b>	<u>26,055</u>	<u>24,345</u>
	<b>31 Dec 2016</b>	<b>30 Jun 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income taxes payable at the beginning of the year</b>	21,863	27,491
Income taxes payable for the financial year	23,062	53,881
Add/Less: reclassification to deferred tax liabilities	-	(4,594)
Less: tax paid during the period	(38,097)	(54,951)
Other	(19)	36
<i>Income taxes payable at the end of the period</i>	<u>6,809</u>	<u>21,863</u>
<b>Represented in the Statement of Financial Position by:</b>		
Current tax liabilities	6,809	21,863
Effective tax rate (ETR)	28%	28%



**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**1-4 Income taxes (continued)**

**Bases of calculation of ETR**

The ETR is calculated as income tax expense divided by profit before tax for the period.

The consolidated entity operates in Australia and Singapore. The Singapore operation is not material to the consolidated entity and has no material impact on the calculation of the ETR.

**Capital tax (gains)/losses calculated at 30% tax in Australia**

The total tax benefits of realised capital losses are \$33,241,000 (30 June 2016: \$32,336,000), comprising \$2,862,000 (30 June 2016: \$2,709,000) recognised in deferred tax assets and \$30,379,000 (30 June 2016: \$29,627,000) not recognised in deferred tax assets. These are net of realised tax capital gains and losses incurred in the current and/or prior year and are available to be utilised by the Australian income tax consolidated group in future years.

	31 Dec 2016	31 Dec 2015
	Cents per share	
<b>1-5 Earnings per share</b>		
Basic earnings per share	144.5	142.5
Diluted earnings per share	141.5	139.1
	<b>\$'000</b>	<b>\$'000</b>
Net profit after tax attributable to equity holders of Perpetual Limited	66,035	64,386

	31 Dec 2016	31 Dec 2015
	Number of shares	
Weighted average number of ordinary shares (basic)	45,708,204	45,196,176
Effect of dilutive potential ordinary shares (including those subject to performance rights)	955,523	1,098,778
Weighted average number of ordinary shares (diluted)	46,663,727	46,294,954

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**1-6 Dividends**

	<b>Cents per share</b>	<b>Total amount \$'000</b>	<b>Franked / Unfranked</b>	<b>Date of payment</b>
<b>31 December 2016</b>				
Final 2016 ordinary	130	60,547	Franked	28 Sept 2016
Total amount	130	60,547		
<b>31 December 2015</b>				
Final 2015 ordinary	125	58,218	Franked	25 Sept 2015
Total amount	125	58,218		

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

The Company introduced a Dividend Reinvestment Plan (DRP) in May 2009. The DRP is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares, without transaction costs. Shareholders can elect to participate in or terminate their involvement in the DRP at any time.

Since the end of the financial period, the Directors declared the following dividend. The dividend has not been provided for and there are no tax consequences.

	<b>Cents per share</b>	<b>Total amount<sup>1</sup> \$'000</b>	<b>Franked / Unfranked</b>	<b>Date of payment</b>
Interim 2017 ordinary	130	60,547	Franked	24 Mar 2017

<sup>1</sup>Calculation based on the ordinary shares on issue as at 31 December 2016.

The financial effect of this dividend has not been brought to account in the financial statements for the half-year ended 31 December 2016 and will be recognised in subsequent financial reports.

**Dividend franking account**

Amount of franking credits available to shareholders for subsequent financial periods

<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
<b>\$'000</b>	<b>\$'000</b>
43,250	37,116

The above available amounts are based on the balance of the dividend franking account at 31 December 2016 adjusted for franking credits that will arise from the payment of the current tax liabilities, and franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the half-year end.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**Section 2                      *Operating assets and liabilities***

*This section shows the assets used to generate Perpetual's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 3.*

	<b>31 Dec 2016</b>	<b>30 Jun 2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2-1 Provisions</b>		
<b>Current</b>		
Insurance and legal provision	446	563
Operational process review provision	567	449
Lease expense provision	660	522
Other provisions	36	36
	<u>1,709</u>	<u>1,570</u>
<b>Non-current</b>		
Lease expense provision	18,712	18,439
	<u>18,712</u>	<u>18,439</u>

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**Section 3                      Capital management and financing**

*This section outlines how Perpetual manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets. Perpetual's objectives when managing capital are to safeguard its ability to continue as a going concern, to continue to provide returns to shareholders and benefits to other stakeholders, and to reduce the cost of capital.*

	31 Dec 2016	30 Jun 2016
	\$'000	\$'000

**3-1 Cash and cash equivalents**

Bank balances	241,314	263,030
Short-term deposits	15,200	15,200
	<u>256,514</u>	<u>278,230</u>

Short-term deposits represent rolling term deposits.

In accordance with the consolidated entity's treasury policy, the consolidated entity mainly holds cash and cash equivalents to support its regulatory capital requirements of \$160.9 million as at 31 December 2016 (\$160 million as at 30 June 2016).

	31 Dec 2016	30 Jun 2016
	\$'000	\$'000

**3-2 Borrowings**

The consolidated entity has access to the following line of credit:

<b>Total facility used</b>	<u>87,000</u>	<u>87,000</u>
Facility unused	<u>43,000</u>	<u>43,000</u>
Total facility	<u>130,000</u>	<u>130,000</u>

The \$43 million unused bank facility may be drawn at any time at the discretion of the consolidated entity. The floating rate bank bill facility is unsecured and had a floating interest rate of 3.08 per cent at 31 December 2016, inclusive of the undrawn line fee (30 June 2016: 3.21 per cent). Repayment of the existing facility of \$87 million is due on 31 October 2018.

The consolidated entity has agreed to various debt covenants including shareholders' funds as a specified percentage of total assets, a minimum amount of shareholders' funds, a maximum ratio of gross debt to EBITDA, a minimum interest cover and a maximum amount of structured product liabilities. The consolidated entity is in compliance with the covenants at 31 December 2016. Should the consolidated entity not satisfy any of these covenants, the outstanding balance of the loans may become due and payable.

The consolidated entity's bank facility is subject to annual review and management intends to refinance the existing facility for a further period prior to the due date.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
<b>3-3 Contributed equity</b>		
Fully paid ordinary shares 46,574,426 (30 June 2016: 46,574,426)	550,561	552,755
Treasury shares 759,100 (30 June 2016: 981,300)	(49,394)	(59,290)
	<u>501,167</u>	<u>493,465</u>

	31 Dec 2016		30 Jun 2016
	Number of shares	\$'000	Number of shares
			\$'000
<b>Movements in share capital</b>			
Balance at beginning of period/year	45,593,126	493,465	45,096,803
Shares issued:			
- Movement on treasury shares	222,200	7,702	496,323
Balance at end of period/year	<u>45,815,326</u>	<u>501,167</u>	<u>45,593,126</u>
			<u>493,465</u>

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 creditors and are fully entitled to any surplus capital.

	31 Dec 2016	30 Jun 2016
	\$'000	\$'000

**3-4 Contingencies**

Bank guarantee in favour of the ASX Settlement and Transfer Corporation Pty Limited with respect to trading activities	1,000	1,000
Bank guarantee in favour of the Australian Securities and Investments Commission in relation to the provision of responsible entity services and custodial services	10,000	10,000
Bank guarantee issued in respect of the lease of premises of The Trust Company Limited	1,796	1,796
Bank guarantee issued in respect of the lease of premises of Perpetual Limited	846	1,289
	<u>13,642</u>	<u>14,085</u>

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**3-4 Contingencies (continued)**

In the ordinary course of business, contingent liabilities exist in respect of claims and potential claims against entities in the consolidated entity. The consolidated entity does not consider that the outcomes of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position.

**Banksia**

In December 2012, a class action commenced for damages against The Trust Company (Nominees) Limited (TrustCo) in its capacity as trustee for the debentures issued by Banksia Securities Limited (Banksia) and other defendants including Banksia Securities Limited, Cherry Fund Limited, RSD Chartered Accountants and the directors of both Banksia Securities Limited and Cherry Fund Limited. Liquidator's proceedings commenced in May 2015 against TrustCo. TrustCo is strongly defending the actions.

No further information has been disclosed as any additional disclosure could prejudice the position of TrustCo in relation to this action.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**Section 4                      Other disclosures**

*This section contains other miscellaneous disclosures that are required by accounting standards.*

	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
<b>4-1 Structured products assets and liabilities</b>		
<b>i. Exact Market Cash Funds</b>		
<b>Current assets</b>		
Perpetual Exact Market Cash Fund	174,574	199,006
Perpetual Exact Market Cash Fund No. 2	96,448	100,688
	<u>271,022</u>	<u>299,694</u>
<b>Current liabilities</b>		
Perpetual Exact Market Cash Fund	174,403	199,106
Perpetual Exact Market Cash Fund No. 2	96,385	100,865
	<u>270,788</u>	<u>299,971</u>

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. The difference between the current assets and current liabilities balance has been recorded in equity in the available-for-sale-reserve.

The Perpetual Exact Market Cash Fund (EMCF 1) was established 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 \$3 million (30 June 2016: \$3 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 underlying investments of the fund are valued on a hold to maturity basis for unit pricing purposes, which is consistent with the way in which Perpetual manages the portfolio.

The Perpetual Exact Market Cash Fund No.2 (EMCF 2) was established 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 \$1.5 million (30 June 2016: \$1.5 million) to be called upon in the event that Perpetual does not meet its obligations.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**4-2 Financial instruments**

**Fair value**

The following tables present the consolidated entity's assets and liabilities measured and recognised at fair value, by valuation method, at 31 December 2016. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

**Consolidated**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 31 December 2016</b>				
<b>Financial assets</b>				
Available-for-sale listed equity securities	2,336	-	-	2,336
Available-for-sale unlisted unit trusts	-	73,329	-	73,329
Structured products - EMCF assets	28,202	242,820	-	271,022
	<u>30,538</u>	<u>316,149</u>	<u>-</u>	<u>346,687</u>

**At 30 June 2016**

**Financial assets**

Available-for-sale listed equity securities	2,083	-	-	2,083
Available-for-sale unlisted unit trusts	-	72,965	-	72,965
Structured products - EMCF assets	48,396	251,298	-	299,694
	<u>50,479</u>	<u>324,263</u>	<u>-</u>	<u>374,742</u>

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the last traded price. Marketable shares included in other financial assets are traded in an organised financial market and their fair value is the current quoted last traded price for an asset. The carrying amounts of bank term deposits and receivables approximate fair value. The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The estimates of fair value where valuation techniques are applied are subjective and involve the exercise of judgement. Changing one or more of the assumptions applied in valuation techniques to reasonably possible alternative assumptions may impact on the amounts disclosed.



**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**4-2 Financial instruments (continued)**

The carrying amount of financial assets and financial liabilities, less any impairment, approximates their fair value, except for those outlined in the table below, which are stated at amortised cost.

	31 Dec 2016		30 Jun 2016	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Structured products – EMCF liabilities	270,788	271,022	299,971	299,694

**4-3 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 affected 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 periods.

**PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES**  
**Notes to and forming part of the condensed consolidated financial statements (continued)**  
**for the half-year ended 31 December 2016**

**Section 5                      *Basis of preparation***

**5-1 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 2016 comprise the Company and its controlled entities (together referred to as the "consolidated entity") and the consolidated entity's interests in associates.

The Company is a for-profit entity and primarily involved in funds management, portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, investment administration and custody services.

The consolidated annual financial statements for the consolidated entity as at and for the year ended 30 June 2016 are available at [www.perpetual.com.au](http://www.perpetual.com.au).

**a. Statement of compliance**

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

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 2016.

The condensed consolidated half-year financial statements were authorised for issue by the Board of Directors on 23 February 2017.

The Company is of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and in accordance with the Class Order, amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

**b. Use of judgements and 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.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies were the same as those that applied to and are described in the consolidated financial statements as at and for the year ended 30 June 2016.

**5-2 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 2016.

## PERPETUAL LIMITED AND ITS CONTROLLED ENTITIES

### Directors' Declaration

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

1. the condensed consolidated financial statements and notes set out on pages 13 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 2016 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  
Chairman



Geoff Lloyd  
Managing Director

Dated at Sydney this 23<sup>rd</sup> day of February 2017.

# Independent Auditor's Review Report

To the members of Perpetual Limited

## Report on the Half-year Financial Report

### 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 (the Company) and its controlled entities (the Consolidated Entity) is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- ii) complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

We have reviewed the accompanying Half-year Financial Report of the Consolidated Entity.

The Half-year Financial Report comprises:

- the condensed consolidated statement of financial position as at 31 December 2016;
- condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date;
- notes (sections 1 to 5) comprising a summary of significant accounting policies and other explanatory information; and
- the Directors' Declaration.

The Consolidated Entity comprises the Company and the entities it controlled at the half year's end or from time to time during the half-year.

### Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company 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 internal 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 for the review of the Half-year Financial Report

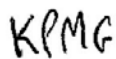
Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, 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 2016 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.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



KPMG



Martin McGrath  
Partner

Sydney

23 February 2017

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TERRITORY**

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Canberra ACT 2601

**VICTORIA**

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Melbourne VIC 3000

**SOUTH AUSTRALIA**

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Adelaide SA 5000

**WESTERN AUSTRALIA**

Exchange Plaza  
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Perpetual 