

Perpetual 

AUSTRALIAN STOCK EXCHANGE



PPT000983

Perpetual Trustees
Australia Limited
ABN 86 000 431 827

Date: 26 February 2003

To: The Manager
Company Announcements
Australian Stock Exchange Limited
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From: David Richards
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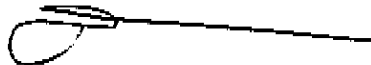
BY FAX

Subject: Perpetual Trustees Australia Limited - Half Year
Financial Report 31 December 2002

Pages: 21 (including this cover page)

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We enclose a copy of Perpetual's half -yearly financial report for the period ended 31 December 2002 along with the auditors' report.



David Richards
Manager, Shareholder Relations
Direct Phone 02 9229 9084

PERPETUAL TRUSTEES AUSTRALIA LIMITED

ABN 86 000 431 827

AND ITS CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2002

PERPETUAL TRUSTEES AUSTRALIA LIMITED
ABN 86 000 431 827
AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors present their report together with the consolidated financial report of Perpetual Trustees Australia Limited (the 'Company') and its controlled entities (the 'consolidated entity'), for the half-year ended 31 December 2002 and the auditors' review report thereon.

Directors

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

Charles P Curran AO, Chairman

LLB, FCPA (Age 64)

Appointed as a director in May 1990, deputy chairman since January 1995 and chairman since October 2001. He is chairman of Capital Investment Group Pty Limited, a director of QBE Insurance Group Limited, an International Advisor to Goldman Sachs, Inc and a member of the Financial Sector Advisory Council. He is chairman of Perpetual's Chairman's Committee, chairman of the Investment Committee and a member of the Human Resources and Remuneration Committee.

Stephen J Chapman, Deputy Chairman

BCom, MBA, ACA (Age 47)

Appointed as a director in May 1995 and deputy chairman since October 2001. He is a founder and chairman of Baron Partners Limited, an Australian merchant bank. He is also a director of Ascham Foundation Limited, Blackmores Limited, G2 Therapies Limited and Hostworks Group Limited. He is a member of Perpetual's Chairman's Committee and Investment Committee.

Bonita L Boezeman, Director

PMD (Harv.) (Age 53)

Appointed as a director in August 1996. She was formerly managing director and chairman of the South Pacific Division of Time Life, a subsidiary of Time Warner Inc. She is deputy chairman of NSW Lotteries Corporation and a director on the board of the Defence Housing Authority and the Catholic Development Fund. She is chairman of Perpetual's Regulatory Compliance Committee and a member of the Audit and Operational Risk Committee.

John S Curtis, Director

BA, LLB (Hons) (Age 53)

Appointed as a director in April 1995. He is chairman of Allianz Australia Limited and Caliburn Partnership Pty Limited. He is a director of St George Bank Limited and other companies. He is chairman of Perpetual's Human Resources and Remuneration Committee and a member of the Investment Committee.

Warwick G Kent AO, Director

CIT.WA, BEc, FCPA (Age 67)

Appointed as a director in May 1998. He is a former managing director and deputy chairman of Bank of Western Australia Limited. He is chairman of Coventry Group Limited and WA Newspapers Holdings Limited and a director of Commonwealth Bank of Australia. He is a member of Perpetual's Audit and Operational Risk Committee and Regulatory Compliance Committee.

PERPETUAL TRUSTEES AUSTRALIA LIMITED
ABN 86 000 431 827
AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Linda B Nicholls, Director

BA (Econ), MBA (Harv.) (Age 54)

Appointed as a director in March 1996. She is chairman of Australia Post, deputy chairman of Healthscope and a director of Sigma Pharmaceutical Group, Insurance Manufacturers of Australia Limited and St George Bank Limited and an International Advisor to Goldman Sachs, Inc. She is chairman of Perpetual's Audit and Operational Risk Committee and a member of the Human Resources and Remuneration Committee.

Robert M Savage, Director

FASCPAS (Age 61)

Appointed as a director in August 2001. He was formerly chairman and managing director of IBM Australia and New Zealand. He is chairman of Mincorn Limited and a director of David Jones Limited, Smorgon Steel Group Limited and IBA Health Limited. He is a member of Perpetual's Regulatory Compliance Committee.

Graham J Bradley, Managing Director

BA, LLB (Hons) (Syd), LLM (Harv.) (Age 54)

Appointed managing director in September 1995. He is a former partner of the international management consulting organisation McKinsey & Company and a former national managing partner and chief executive officer of Blake Dawson Waldron. He is currently chairman of the Garvan Research Foundation and a director of the Garvan Institute of Medical Research. He is a member of Perpetual's Chairman's Committee, Investment Committee and a director of ASX Perpetual Registrars Limited.

Directors' meetings

The number of directors' meetings which directors were eligible to attend (including meetings of board committees) and the number of meetings attended by each director during the half-year to 31 December 2002, were:

Director	Board		Audit & Operational Risk Committee		Investment Committee		Chairman's Committee		Regulatory Compliance Committee		Human Resources & Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
C P Curran	6	6	-	-	2	2	4	4	-	-	2	2
S J Chapman	6	6	-	-	2	2	4	3	-	-	-	-
B L Boezeman	6	6	2	2	-	-	-	-	2	2	-	-
J S Curtis	6	5	-	-	2	1	-	-	-	-	2	1
W C Kent	6	6	2	2	-	-	-	-	2	2	-	-
L B Nicholls	6	6	2	2	-	-	-	-	-	-	2	1
R M Savage	6	5	-	-	-	-	-	-	2	1	-	-
G J Bradley	6	6	-	-	2	2	4	4	-	-	-	-

PERPETUAL TRUSTEES AUSTRALIA LIMITED
ABN 86 000 431 827
AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Consolidated Results

The consolidated profit after tax for the half-year ended 31 December 2002 attributable to the members of Perpetual Trustees Australia Limited was \$43,259,000 (2001: \$39,499,000).

Dividends

On 26 February 2003 the directors resolved to pay a fully franked interim dividend of 60 cents per share. The dividend, amounting to \$22,610,000, will be payable on 21 March 2003 (2001: \$18,954,000).

Review of Operations

The consolidated entity recorded a profit after interest, tax and goodwill of \$43,259,000 for the half-year ended 31 December 2002. Profit after interest, tax and goodwill includes after tax profits on the sale of investments and business of \$9,831,000. This compares to a profit of \$39,499,000 for the corresponding period last year which included after tax profits on the sale of investments and business of \$13,634,000.

State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial period were as follows:

- ◆ Additional deferred consideration of \$9 million was received from RBC Global Services Australia Pty Limited with respect to the sale of Perpetual Fund Services in July 2001.
- ◆ A share buy-back programme was carried out where 265,419 Perpetual Trustees Australia Limited shares were purchased on market for a total consideration of \$9.9 million and subsequently cancelled.

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 or the consolidated financial report that has or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years. Events subsequent to balance date are set out in Note 16 to the consolidated financial report.

PERPETUAL TRUSTEES AUSTRALIA LIMITED**ABN 86 000 431 827****AND ITS CONTROLLED ENTITIES****DIRECTORS' REPORT****Authorised Trustee Corporation**

The Company is an authorised trustee corporation as defined in Section 9 of the Corporations Act 2001. In accordance with ASIC Class Order number 98/105 dated 10 July 1998 made pursuant to Subsection 341(1) of the Corporations Act 2001, the Company is relieved from compliance with paragraphs 4.1 to 7.2 of accounting standard AASB 1033 "Presentation and Disclosure of Financial Instruments" and paragraphs 4.1 to 7.2 of accounting standard AASB 1034 "Financial Report Presentation and Disclosures" insofar as those provisions require the directors of the Company to ensure that the Company's financial reports disclosed, whether in the Statements of Financial Position or any note to those financial reports:

(a) liabilities incurred by the Company whilst acting:

(i) as trustee; or

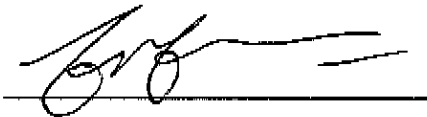
(ii) in any representative capacity where the Company has taken in its own name a grant of probate of the will of a deceased person or of letters of administration of the estate of a deceased person in respect of which the Company has a valid and subsisting right of indemnity out of any assets which are sufficient to satisfy the right of indemnity; and

(b) the amount and description of the assets from which the Company has a right of indemnity in respect of any liability to which paragraph (a) applies.

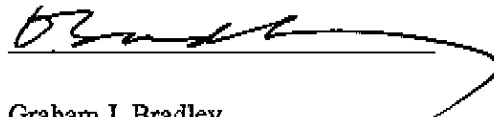
Rounding Off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in this report and the financial 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:



Charles P. Curran AO
Chairman



Graham J. Bradley
Managing Director

Dated at Sydney this 26th day of February 2003.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	Note	Consolidated	
		31/12/02 \$'000	31/12/01 \$'000
Revenue from the provision of services		124,626	114,627
Investment income		5,841	3,855
	2	130,467	118,482
Expenses			
Staff related expenses		(51,098)	(45,394)
Occupancy expenses		(3,296)	(3,199)
Administrative and general expenses		(19,234)	(23,001)
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding investment/business sales		56,839	46,888
Interest expense		(1,518)	(1,649)
Depreciation and amortisation expense	3	(5,069)	(5,549)
Goodwill amortisation expense	3	(1,823)	(1,902)
Proceeds from sale of investments/business	2	19,436	35,919
Cost of investments/business disposed of		(9,295)	(22,257)
Profit on disposal of investments/business	4	10,141	13,662
Share of net (losses)/profits of associates accounted for using the equity method	12	(371)	133
Profit from ordinary activities before income tax expense	3,4	58,199	51,583
Income tax expense	6	(14,940)	(12,084)
Net profit		43,259	39,499
Net profit attributable to members of the parent entity and total changes in equity other than those resulting from transactions with owners as owners		43,259	39,499
Basic earnings per share - cents per share	8	114.5	104.9
Diluted earnings per share - cents per share	8	113.8	101.3

The Statement of Financial Performance is to be read in conjunction with the notes to and forming part of the half-year financial statements.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2002**

	Note	31/12/02 \$'000	Consolidated 30/06/02 \$'000	31/12/01 \$'000
Current assets				
Cash assets		106,194	109,951	100,055
Receivables		46,387	53,144	44,756
Other financial assets		306	497	281
Other		12,829	7,399	5,645
Total current assets		165,716	170,991	150,737
Non-current assets				
Receivables		15,617	15,110	13,499
Investments accounted for using the equity method		37,693	38,394	38,703
Other financial assets		81,454	88,764	80,979
Property, plant and equipment		46,446	45,911	45,339
Intangibles		57,248	58,972	60,981
Deferred tax assets		12,724	11,510	9,417
Other		7,390	1,887	2,154
Total non-current assets		258,572	260,548	251,072
Total assets		424,288	431,539	401,809
Current liabilities				
Payables		43,799	46,079	34,293
Interest bearing liabilities	9	3,000	3,083	3,483
Current tax liabilities		10,808	20,302	8,578
Provisions	10	17,966	43,750	33,086
Total current liabilities		75,573	113,214	79,440
Non-current liabilities				
Interest bearing liabilities	9	45,000	48,027	48,050
Deferred tax liabilities		1,356	1,824	3,387
Provisions	10	11,887	11,874	7,060
Total non-current liabilities		58,243	61,725	58,497
Total liabilities		133,816	174,939	137,937
Net assets		290,472	256,600	263,872
Equity				
Contributed equity	11	118,758	128,207	129,779
Reserves		76,200	76,200	59,307
Retained profits		95,514	52,193	74,786
Total equity attributable to members of the parent entity		290,472	256,600	263,872

The statement of Financial Position is to be read in conjunction with the notes to and forming part of the half-year financial statements.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	Note	Consolidated	
		31/12/02 S'000	31/12/01 S'000
Cash flows from operating activities			
Cash receipts in the course of operations		130,960	123,774
Cash payments in the course of operations		(74,351)	(66,418)
Shares purchased to satisfy long term staff incentive and retention programmes	14(b)	(14,502)	-
Dividends received		3,729	2,431
Interest received		2,860	1,721
Borrowing costs paid		(1,478)	(1,649)
Income taxes paid		(26,116)	(15,786)
Lease Payments		(2,370)	(2,299)
Net cash provided by operating activities		18,732	41,774
Cash flows from investing activities			
Payments for investments in associates		-	(1,850)
Payments for property, plant and equipment		(5,438)	(7,047)
Payments for investments		(772)	(7,918)
Payments for controlled entities		-	(8,300)
Proceeds from sale of property, plant & equipment		34	31
Net proceeds from the sale of Fund Services	14(c)	9,000	26,037
Proceeds from the sale of investments		10,436	5,919
Net cash provided by investing activities		13,260	6,872
Cash flows from financing activities			
Proceeds from issue of shares		464	5,759
Payments for share buy back		(9,913)	-
Repayment of borrowings to third parties		(3,110)	(3,194)
Net loans to associate entities		(500)	(5,500)
Dividends paid		(22,690)	(1,883)
Net cash used by financing activities		(35,749)	(4,818)
Net (decrease)/increase in cash held		(3,757)	43,828
Cash at the beginning of the financial period		109,951	56,227
Cash at the end of the financial period	14(a)	106,194	100,055

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the half-year financial statements.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

Note 1a: Basis of preparation of half-year financial report

The general purpose half-year consolidated financial report has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 'Interim Financial Reporting' and Urgent Issues Group consensus views. It is recommended that this half-year financial report be read in conjunction with the Company's Annual Financial Report for the year ended 30 June 2002 and any public announcements made by the Company in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets.

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amount at the end of the half-year. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the recoverable amount. In assessing recoverable amounts the relevant cash flows have not been discounted to their present value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as disclosed in Note 1b, are consistent with those of the previous financial year.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

Note 1b: Changes in accounting policy

The consolidated entity has applied AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" (issued in October 2001) for the first time from 1 July 2002. Dividends are now recognised at the time they were declared, determined or publicly recommended. Previously, dividends were recognised in the financial period to which they related, even though the dividends were announced after the end of the financial period.

If this policy was applied in the previous period the effect would have been to reduce the provision for dividend by \$22,752,000 and increase retained profits by the same amount in the Statement of Financial Position as at 30 June 2002. There would have been no impact on the profit for the year ended 30 June 2002.

No adjustment has been made to the prior year comparatives for the change in accounting policy.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	Consolidated	
	31/12/02 \$'000	31/12/01 \$'000
Note 2: Revenue from ordinary activities		
Revenue from operating activities		
Gross revenue from fees and commissions	124,592	114,596
Investment income		
Dividends	2,670	1,872
Interest	2,867	2,046
Write down of investments	-	(734)
Rent and other investment income	304	671
Revenue from outside operating activities		
Gross proceeds from sale of property, plant and equipment	34	31
	<u>130,467</u>	<u>118,482</u>
Other revenue from outside operating activities		
Gross proceeds from the sale of Perpetual Fund Services	9,000	30,000
Gross proceeds from sale of investments	10,436	5,919
	<u>19,436</u>	<u>35,919</u>

Note 3: Profit from ordinary activities before income tax

Profit from ordinary activities before income tax has been arrived at after charging / (crediting) the following items:

Depreciation of property, plant and equipment:

Freehold land and buildings	120	228
Plant and equipment	2,319	3,411
Capitalised software	2,630	1,786
Leased plant and equipment	-	124
Rental charges – operating leases	2,370	2,299
Amortisation of goodwill	1,823	1,902
Net loss on sale of property, plant and equipment	-	11
Profit on disposal of investments/business	(10,141)	(13,662)

Note 4: Individually significant items included in net profit:

Profit on sale of investments	1,141	420
Write down of the investment in the associate Investor Security Group Ltd	-	(1,572)
Profit on sale of Perpetual Fund Services	9,000	14,814
Total individually significant items	10,141	13,662
Income tax applicable on profit on sale of investments	(310)	(28)
Total individually significant items included in net profit	<u>9,831</u>	<u>13,634</u>

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

Note 5: Segment information

	Wealth Management	Outsourced Support Services	Unallocated	Consolidated
	\$' 000	\$' 000	\$' 000	\$' 000
31 December 2002				
Total revenue	103,889	20,729	5,849	130,467
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding investment/business sales ("Segment Result")	46,691	10,571	(423)	56,839
31 December 2001				
Total revenue	91,886	17,450	9,146	118,482
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding investment/business sales ("Segment Result")	42,671	8,320	(4,103)	46,888

The consolidated entity operates in the financial services industry in Australia and provides wealth management and outsourced support services. The major services from which the above segments derive revenue are:

Services

Wealth Management	Management and investment of monies on behalf of private, corporate, superannuation and institutional clients.
Outsourced Support	Our Corporate Trust division provides fiduciary services incorporating safe-keeping and recording of assets and transactions as custodian, trustees, registrar or agent for our corporate and financial services clients.

The revenue reported for each segment is for services provided to external parties only.

Geographical segments

The consolidated entity operates predominantly in Australia. More than 90 percent of revenue and EBITDA relate to operations in Australia.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	Consolidated	
	31/12/02	31/12/01
	\$'000	\$'000
Note 6: Income tax expense		
Prima facie income tax expense calculated at 30% (2001: 30%) on the operating profit	17,460	15,475
Increase in income tax expense due to:		
Amortisation of goodwill	547	570
Share of associates' net losses	111	-
Depreciation of buildings	22	-
Write down of associate	-	472
Other expenditure	452	498
	18,592	17,015
Decrease in income tax expense due to:		
Rebatable dividend income	920	417
Depreciation of buildings	-	30
Share of associates' net profits	-	40
Non-assessable gain on sale of business and investments	2,732	4,444
	2,732	4,444
Income tax expense attributable to profit from ordinary activities	14,940	12,084

Note 7: Dividends

Dividends provided for by the Company:

The directors resolved on 26 February 2003 to pay an interim ordinary dividend of 60 cents per share franked at 30% (2001: 50 cents per share franked at 30%). This dividend has not been provided for as at 31 December 2002 (refer note 1(b)). The dividend is payable on 21 March 2003.

	-	18,954
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Dividend franking account

Franking credits available after the payment of income tax provided for in the financial statements.

Class C 30% (2001: 30%) franking credits

	56,176	38,026
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From 1 July 2002, the New Business Tax System (Imputation) Act 2002 requires measurement of franking credits based on the amount of income tax paid rather than on after-tax profits. Under the pre 1 July 2002 method of calculation, the franking credits available are \$131,077,000 (31 December 2001: \$88,728,000). This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	Consolidated	
	31/12/02	31/12/01
Note 8: Earnings per share	Cents per Share	
Basic earnings per share	114.5	104.9
Diluted earnings per share	113.8	101.3
	Number of shares	
Weighted average number of ordinary shares used in the calculation of basic earnings per share	37,771,263	37,658,474
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	37,999,491	38,988,814

	31/12/02	30/06/02	31/12/01
	\$'000	\$'000	\$'000
Note 9: Interest bearing liabilities			
Current			
Fixed rate bill facilities (a)	3,000	3,000	3,000
Loans from third parties (b)	-	-	307
Lease liabilities	-	83	176
	<u>3,000</u>	<u>3,083</u>	<u>3,483</u>
Non-current			
Fixed rate bill facilities (a)	45,000	48,000	48,000
Lease liabilities	-	27	50
	<u>45,000</u>	<u>48,027</u>	<u>48,050</u>

- (a) There are two fixed rate bank bill facilities of \$3,000,000 and \$45,000,000. Each facility is unsecured and has a fixed interest rate of 6.25 percent and 6.4 percent respectively. Repayment of the existing facility is due in August 2003, however it is the Company's present intention to refinance the \$45,000,000 facility for a further period. The decision to refinance is at the Company's discretion and accordingly the liability has been classified as a non-current liability.
- (b) The loans from third parties represent a drawdown facility with an Australian bank. The facility is unsecured and interest is charged at prevailing market rates.

Under these arrangements, the Company 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 total debt and a minimum interest rate cover. Should the Company not satisfy any of these covenants, the outstanding balance of the loans may become due and payable. As at 31 December 2002 the Company complied with all debt covenants associated with the facilities.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	Consolidated		
	31/12/02 \$'000	30/06/02 \$'000	31/12/01 \$'000
Note 10: Provisions			
Current			
Employee entitlements	16,154	19,082	12,309
Dividend	-	22,752	18,954
Other	1,812	1,916	1,823
	<u>17,966</u>	<u>43,750</u>	<u>33,086</u>
Non-Current			
Internal insurance	8,420	8,100	3,577
Employee entitlements	1,271	1,153	933
Other	2,196	2,621	2,550
	<u>11,887</u>	<u>11,874</u>	<u>7,060</u>

A dividend of 60 cents per share (2001: 50 cents) amounting to \$22,610,000 (2001: \$18,954,000) was declared on 26 February 2003 but not provided for in the 31 December 2002 financial statements.

Note 11: Contributed equity

Issued and paid up capital

37,682,702 (30 June 2002: 37,920,533, 31 December 2001: 37,907,054) ordinary shares, fully paid

118,758	128,207	129,779
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Movement in share capital

Balance at beginning of the period	128,207	129,779	120,690
Shares issued:			
Executive share plan	-	258	2,006
Exercise of staff options	464	2,045	5,708
Employee share plans	-	-	1,375
Share buy-back	(9,913)	(3,875)	-
Balance at the end of the period	<u>118,758</u>	<u>128,207</u>	<u>129,779</u>

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

Note 11: Contributed Equity (Continued)

During the half year, the Company issued 27,588 ordinary shares in accordance with Perpetual's Executive Option Plan. Under the plan 11,325 ordinary shares were issued at \$8.83 per share, 3,228 ordinary shares were issued at \$20.66 per share, 8,031 ordinary shares were issued at \$21.77 per share, 3,688 ordinary shares were issued at \$21.84 per share and 1,316 ordinary shares were issued at \$31.67 per share.

During the half year, the Company repurchased 265,419 ordinary shares at an average price of \$37.36 per share under Perpetual's on-market buy-back programme. These represented approximately 0.7 percent of the shares issued by quantity at the time.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

	Consolidated	
	31/12/02	31/12/01
	\$'000	\$'000
Note 12: Investment in associates		
Equity information		
Aggregate share of profits of associates		
Profit from ordinary activities before income tax	124	590
Income tax expense	(266)	(77)
(Loss)/profit from ordinary activities after income tax	(142)	513
Adjustments:		
Amortisation of goodwill	(229)	(380)
Net (loss)/profit attributable to members of the parent entity	(371)	133

Note 13: Material interests in entities which are not controlled entities

The economic entity has a material interest in the following entities:

	Economic Interest		Contribution to net profit	
	2002	2001	2002	2001
	%	%	\$'000	\$'000
Equity accounted associates				
ASX Perpetual Registrars Ltd	50	50	(361)	202
Symetry Limited	33	33	(10)	27
Investor Services Group Limited	-	50	-	(96)
			(371)	133

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

Note 14: Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, at bank and short-term deposits at call net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated	
	31/12/02	31/12/01
	\$'000	\$'000
Cash	8,960	737
Deposits at call	97,234	99,318
	106,194	100,055

Deposits at call are largely invested in a cash management trust operated by the consolidated entity.

(b) Shares purchased to satisfy long term staff incentive and retention programmes for a total cost of \$14,502,000 (2001: \$nil)

The Company purchased Perpetual Trustees Australia Limited shares at a cost of \$14,502,000 in the period to satisfy long term staff incentive and retention programmes. The cash outflow from these purchases is classified as an operating activity in the Statement of Cash Flows. A further \$11 million in shares will be purchased/issued to satisfy long term incentive programmes agreed at 31 December 2002. In the prior period, shares were issued to satisfy long term staff incentive and retention arrangements.

(c) Net proceeds from the sale of Perpetual Fund Services of \$9 million (2001: \$26,037,000)

During the period additional deferred consideration of \$9 million was received from RBC Global Services Australia Pty Limited with respect to the sale of Perpetual Fund Services ("PFS") in July 2001. The capital gains tax ("CGT") applicable to the additional consideration received was \$nil as the proceeds on sale of the PFS business did not exceed the applicable CGT cost base.

An additional payment may be received by the consolidated entity in the next year subject to the Funds Services business achieving certain future performance targets. The potential future additional payment has not been taken into account in determining the profit on disposal.

(d) Financing facilities

Refer to Note 9.

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2002**

Note 15: Contingent liabilities

- (a) The uncalled capital of the controlled entities amounts to \$6,638,130 (2001: \$6,638,130).
- (b) Contingent liabilities exist in respect of certain overdrawn trust and estate accounts against which ample assets are held in the respective trusts and estates.
- (c) Controlled entities have bank guarantees of \$140,000 (2001: \$60,000) to the favour of the Australian Securities and Investment Commission in respect of Dealer's licence arrangements.
- (d) The Company has granted a bank guarantee in the favour of the ASX Settlement and Transfer Corporation Pty Limited with respect to normal trading activities of \$500,000 (2001: \$250,000)
- (e) The consolidated entity's initial layer of cover for its professional indemnity insurance program was underwritten by HHH Insurance Limited ("HHH") until 15 March 2001 when HHH was placed into provisional liquidation. As a result of the asset deficiency of HHH, the consolidated entity may have financial exposure for claims notified but not settled which otherwise would have been recoverable from HHH.
- (f) The Company has provided a guarantee to an Australian bank to secure \$45 million fully drawn bill facility of a controlled entity.

Note 16: Events subsequent to balance date

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

**PERPETUAL TRUSTEES AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

In the opinion of the directors of Perpetual Trustees Australia Limited :

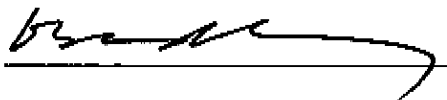
1. the financial statements and notes, set out on pages 5 to 17, are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2002 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (b) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 26th day of February 2003.

Signed in accordance with a resolution of the directors:



Charles P Curran AO
Director



Graham J Bradley
Director

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF
PERPETUAL TRUSTEES AUSTRALIA LIMITED AND ITS CONTROLLED ENTITIES**

Scope

We have reviewed the financial report of Perpetual Trustees Australia Limited for the half-year ended 31 December 2002, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes and the directors' declaration set out on pages 5 to 18. The financial report includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of the half-year or from time to time during the half-year. The Company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the consolidated entity's financial position and performance as represented by the results of its operations and its cash flows, and in order for the Company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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 Trustees Australia Limited is not in accordance with:

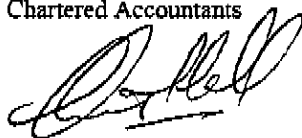
- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2002 and its performance for the half-year ended on the date; and
 - (ii) complying with Accounting Standard AASB 1029 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

Dated at Sydney this 26th day of February 2003.



KPMG

Chartered Accountants



Chris Hall

Partner