Annual Report 2005

Growth through Continuity

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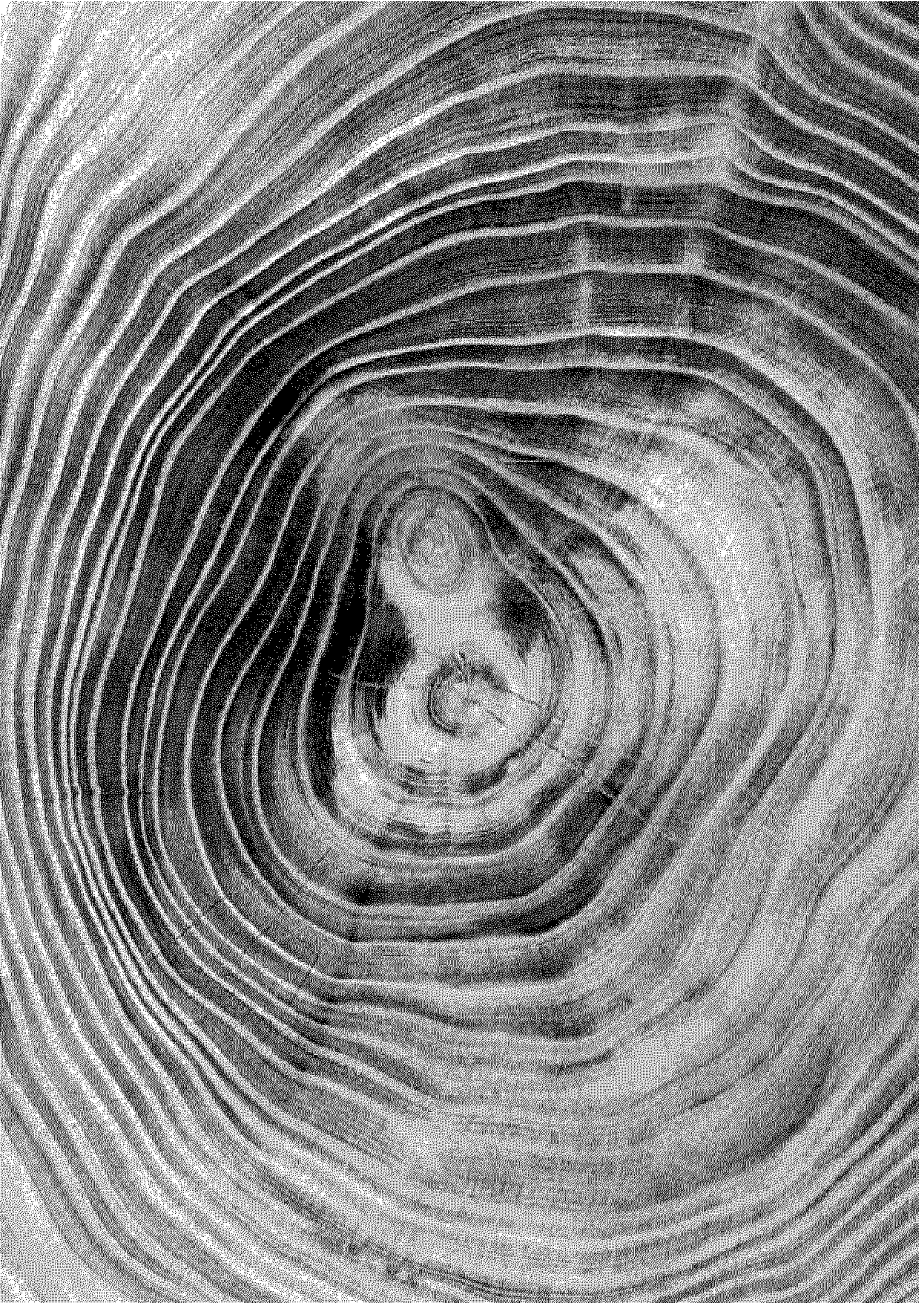
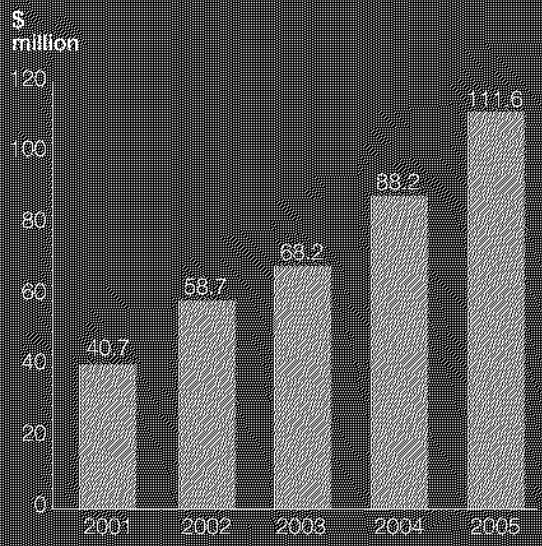


Perpetual Trustees Australia Limited (Perpetual) is an independent, diversified financial services group established in Australia 119 years ago. Our origins as a trust company coupled with our strong track record of investment performance have created our reputation as one of Australia's most trusted and successful providers of financial services.

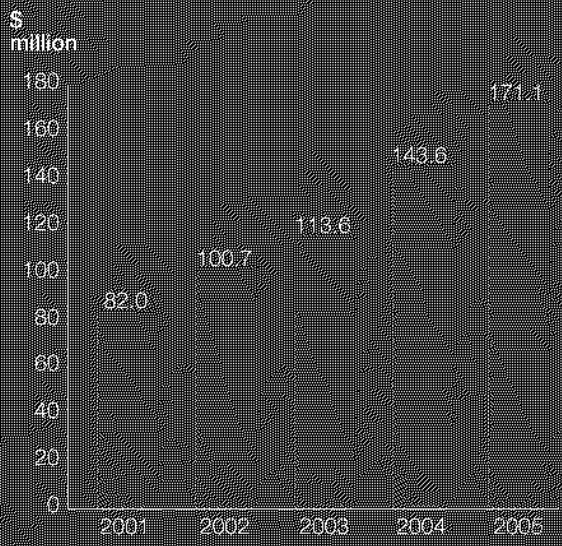
'In an operating environment characterised by healthy net flows across all of our businesses and a strong Australian equities market, Perpetual returned a record operating profit after tax of $111.6 million for the 2005 financial year. This result represents an increase of 27 per cent over 2004.'

Group Financial Highlights[1]

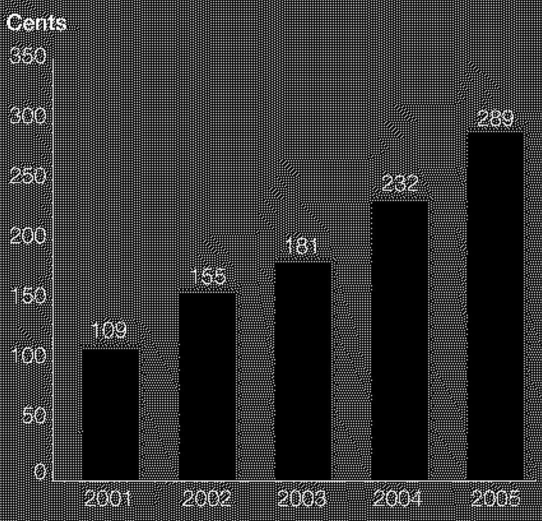
Operating profit after tax



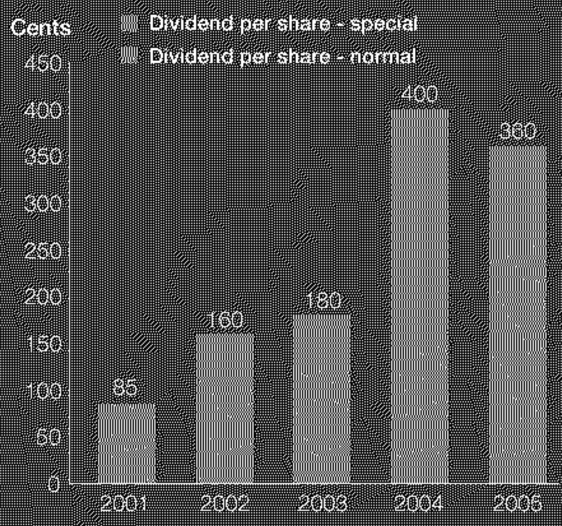
EBITDA



Earnings per share



Dividend per share



1 Excluding gains on sale of investments, sale of building and costs of major strategic initiatives.

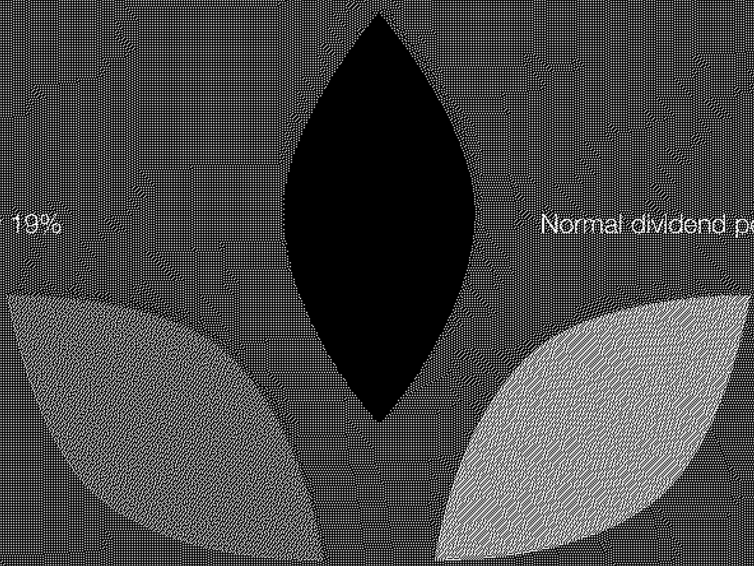

27%

increase in operating profit

Earnings per share up by 25%

EBITDA up by 19%

Normal dividend per share up by 73%



Fellow shareholders

We are pleased to present the Annual Report of Perpetual Trustees Australia Limited (Perpetual) for the year ended 30 June 2005. This was a particularly important year for Perpetual as we progressed the implementation of our long-term growth strategy outlined in last year's report.

In this report, we review our financial performance for the year, highlight some of our strategic achievements, announce final dividends, comment on corporate governance and board matters, discuss our operating environment, provide an assessment of our business position and comment on our business outlook.

Profit result

In an operating environment characterised by healthy net flows across all of our businesses and a strong Australian equities market, Perpetual returned a record operating profit after tax (excluding gains on sale of investments, sale of building and costs of major strategic initiatives) of $111.6 million for the 2005 financial year. This result represents an increase of 27 per cent over 2004.

Net profit after tax (including gains on sale of investments, sale of building and costs of major strategic initiatives) increased 32 per cent to $119.5 million for the year ended 30 June 2005.

Total operating revenues grew by 15 per cent as a result of good growth in asset volumes and maintained revenue margins. Total funds under management (FUM) in Perpetual Investments grew by 23 per cent to $26.7 billion at 30 June 2005. This was underpinned by strong underlying markets, the continued award winning performance of our funds and healthy net inflows across products in a range of asset classes. Good growth in several areas of our Perpetual Private Clients business, including our philanthropic foundations, has led to an increase in funds under advice, administration and trust (FUAAT) to $7.3 billion, a rise of 11 per cent over 2004. Funds under administration (FUA) in Corporate Trust recorded excellent growth of 28 per cent to $144.3 billion, driven in large part by the continued strong demand for residential mortgage backed securities.

Over the course of the year, we increased our expenditure on the development of important capabilities such as asset management, product development, marketing, wholesale sales and risk management to support the delivery of our long-term growth strategy. Combined with the careful management of other expenses and the introduction of efficiency gains, we were able to increase EBITDA as a percentage of revenue to 49 per cent for the year ended 30 June 2005.

Our 50/50 joint venture in ASX Perpetual Registrars Limited delivered an increase in EBITDA of 5 per cent over last year to $16.1 million. This investment continues to return cash to shareholders and recorded a net profit after tax of $2.0 million.

Strategic achievements

Last year, we outlined Perpetual's corporate strategy which centred on three key priorities, namely:

- to develop a more balanced portfolio;
- to build new growth engines; and
- to engage our people in its delivery.

These priorities are underpinned by using our key strengths as the foundation for growth initiatives. The benefits of our strategy will be realised over the coming years, with signs of its positive impact already reflected in this year's excellent result.

Highlights

	Full year ended		
Key performance indicators	30 June 2005 $M	30 June 2004 $M	Increase %
Operating Revenue[1]	351.7	306.0	15
EBITDA	171.1	143.6	19
Operating Profit after Tax			
(a) Excluding gains on sale of investments, sale of building and costs of major strategic initiatives	111.6	88.2	27
(b) Including gains on sale of investments, sale of building and costs of major strategic initiatives	119.5	90.4	32

1 Excludes revenue attributable to the Global Equities Strategic Initiative.

Charles Curran AO
Chairman

David Deverall
Managing Director

Highlights of the past year include:

1) The opening of our new global equities business headquartered in Dublin, Ireland. The cornerstone of this new growth engine was the hiring of an experienced global equities team that provides us with proven capability in an extremely large asset class. The team currently manages a portfolio of approximately $1.8 billion in assets. Perpetual has recently been named by Irish Life plc as the third external investment manager on its $8.3 billion investment product platform. In addition, Perpetual has been appointed as an underlying manager for the Australia-based van Eyk Blueprint International Share Fund, and included in the fund-of-fund product for another major Australian institutional investor.

2) The launch of our range of credit funds. These new products utilise the capabilities introduced by the hiring of an experienced credit team in August 2004 and have attracted strong net inflows of over $700 million during the year.

3) The integration of Perpetual Private Clients and Wilson Dilworth into a single service for high net worth individuals. This integration, coupled with a series of key initiatives designed to deliver better outcomes for our shareholders and clients, produced strong productivity and service benefits in Perpetual Private Clients.

4) The signing of a lease to move our Sydney operations to Angel Place (123 Pitt Street) at the beginning of 2006. As a part of the move from three locations in Sydney to a single premises, we also announced the sale of our heritage listed building at 39 Hunter Street. While the Hunter Street building has been an important part of our history, our ability to bring all of our Sydney-based teams into a single location will yield a range of ongoing benefits to our shareholders, clients and people.

5) The implementation of a new remuneration system to better attract, retain and motivate quality people. Our remuneration system not only encourages performance but aligns the interests of our people with those of clients and shareholders.

6) The establishment of a deferred share plan for a number of key people in our Australian asset management team. The addition of the share plan demonstrates the importance of the continued commitment and success of our award winning investment team to our clients and shareholders.

7) The sale of our interests in the Symetry business. This investment was a non-core asset to Perpetual and was not consistent with our future growth strategy.

We provide greater detail around some of these important initiatives in our Review of Operations.

Capital management policy and dividends

Our financial position remains very strong with free cash holdings of $167.9 million and an investment portfolio carried at cost of $56.0 million at year end, compared to its market value of $111.7 million. Our cash holdings and the market value of our investment portfolio equate to approximately $6.97 per issued share. Our strong financial position is accompanied by an accumulated franking credit balance of $51.2 million at 30 June 2005 and our borrowings equate to only 12 per cent of equity.

Our capital management policy has two objectives: to retain sufficient capital to operate and expand our business; and to return any capital in excess of these requirements to shareholders.

Perpetual is not an extensive user of capital. This enables us to adopt a dividend policy at a 90 per cent pay out ratio of Perpetual's underlying profit, which is our net profit after tax before goodwill amortisation and before gains or losses on investments.

The board has announced that shareholders will receive a final dividend of $1.30 per share, which will be paid on 12 September 2005 fully franked at 30 per cent for the year to 30 June 2005. Combined with the interim dividend of $1.30 per share paid in March 2005, this brings the total normal dividends received by shareholders to $2.60 per share.

In accordance with our capital management policy to review the ongoing capital requirements of the business, we have determined that we have capital in excess of our needs. The company is pleased to announce a special dividend of $1.00 per share fully franked to be paid on 12 September 2005. With the interim and final dividends, this brings total dividends declared in respect of the 2005 financial year to $3.60 per share.

Current management projections indicate that Perpetual will generate sufficient franking credits to fully frank projected normal dividend payments for the foreseeable future.

Corporate governance and board matters

Corporate governance is the accountability framework which is structured around an organisation's operations, practices, management and assurance functions. It is essential to an organisation's transparency and is a core element to building stakeholder trust. Perpetual's board fully endorses the values associated with 'best practice' corporate governance.

As part of our governance commitments, we introduced a board renewal program, which involves a target maximum term of service of nine years. We believe the program provides time for good continuity of ideas, actions and follow through while allowing for the introduction of directors with suitable talents in line with the changing business environment within which Perpetual operates.

As indicated elsewhere in this report, after fifteen years as a director, of which seven years were as Deputy Chairman and four years as Chairman, Mr Charles Curran AO, has advised the board of his intention to resign as Chairman and as a director at the conclusion of the Annual General Meeting.

It is with great pleasure that we announce that Mr Robert Savage, who has been a director since 2001, will assume the Chairman role. Mr Savage brings to the position a depth of knowledge in local and international management and extensive director and chairman experience in publicly listed companies.

Perpetual also welcomed two new non-executive directors in November 2004 as part of our board renewal program. The appointment of Ms Meredith Brooks and Mr Philip Twyman followed the resignations of Mr Steve Chapman and Mr John Curtis. We welcome Ms Brooks and Mr Twyman and gratefully acknowledge the contribution made by Mr Chapman and Mr Curtis during their terms on Perpetual's board.

Ms Brooks was the New York-based Managing Director, US Institutional Investment Services for Frank Russell Company until May 2004. Previously, she held the positions of Managing Director of Frank Russell Australasia for five years and Director, European Funds based in London. Ms Brooks is a member of Perpetual's Investment Committee and Audit Risk and Compliance Committee. She brings to the board more than 20 years in senior funds management experience in Australia and overseas. Ms Brooks holds a BA from Macquarie University and is a Fellow of the Institute of Actuaries of Australia.

Mr Twyman was the United Kingdom-based Group Executive Director of Aviva plc and Chairman of Aviva's funds management arm, Morley Funds Management, until March 2004. During his more than 30 years of experience, he held the role of Group Finance Director at General Accident plc in the United Kingdom and a number of positions at AMP, including that of Chief General Manager, AMP Retail Financial Services. Mr Twyman is a member of Perpetual's Investment Committee and Audit Risk and Compliance Committee. He holds a B.Sc from the University of Auckland and an MBA from Macquarie University, and is a Fellow of the Institute of Actuaries (London) and a Fellow of the Institute of Actuaries of Australia.

As at 31 July 2005, Mr Warwick Kent AO resigned as a director after seven years of service and Mr Peter Scott accepted appointment to the board with effect from that date. Mr Kent's senior executive and board experience and his background in operations, finance and risk management in the financial services industry, have been of great value during his service on Perpetual's Audit Risk and Compliance Committee, Investment Committee and Nominations Committee. The board is most grateful to Mr Kent for the significant contribution he has made to Perpetual.

Mr Scott resigned in January 2005 from National Australia Bank Limited where he held the position of Executive General Manager and Chief Executive Officer of MLC. His career began as a consulting engineer in

Australia and overseas. He has also held a number of senior positions with Lend Lease in both the property and financial services businesses, culminating with his appointment as Chief Executive Officer of MLC in 1998. Mr Scott holds a Bachelor of Engineering (Hons) from Monash University and a Master of Engineering Science from the University of New South Wales. He is a member of the Strategic Advisory Panel of the Project Management Graduate Program at the University of Sydney.

At the 2005 Annual General Meeting, Ms Bonnie Boezeman AO and Ms Linda Nicholls will resign from the board, after nine years of service. Each of these directors has brought considerable experience and energy to the board and we are most grateful for their contribution. In particular, Ms Boezeman has served on a number of committees, including the Audit Risk and Compliance Committee, the Investment Committee and the Human Resources and Remuneration Committee, and has brought to the board her business experience and her extensive skills in marketing. Ms Nicholls has also served on a number of committees, including the Human Resources and Remuneration Committee, and has been chairman of the Audit Risk and Compliance Committee since 2001; in that role, she has made a particularly valuable contribution to Perpetual.

In August 2005, the trustee of the Non-Executive Director Retirement Benefit Scheme, on the recommendation of the board, resolved to discontinue the Scheme, following the retirement of three directors in October 2005. It also resolved to crystallise the benefits for the remaining non-executive director as at 18 October 2005 and transfer those benefits into an appropriate complying superannuation fund. Accordingly, with effect from 18 October 2005, all non-executive directors will receive minimum superannuation guarantee contributions only.

Our Corporate Responsibility Statement is set out on pages 31 to 40 of this report. It outlines the board's approach to important governance matters. To know more about our policies on governance, please review our website at **www.perpetual.com.au** or contact us via email with your comments and suggestions.

Operating environment

Wealth Management

Fuelled by the ageing population, funding of the retirement savings gap has featured at the top of Australia's policy agenda for many years and has underpinned our industry's strong growth. We applaud the actions of successive Federal Governments to proactively address this issue through a range of legislative measures designed to grow the superannuation assets of Australians. More recently, the current Federal Government has continued to close the retirement savings gap through a number of initiatives such as the establishment of the Future Fund, the removal of the superannuation surcharge and the increase in co-contribution payments.

As the primary vehicle to address the retirement savings gap, superannuation assets now make up a significant proportion of the wealth management industry. Going forward, the above initiatives will increase these flows of capital. This in turn highlights the growing demand by superannuation funds for a more diverse range of asset classes for investment. Fifteen years ago, investment flows were dominated by a small number of asset classes, namely domestic equities, domestic fixed interest, domestic property and cash. With expected strong flows into the investment markets from superannuation, the demand for existing and new asset classes will grow in the future. Asset classes, such as global equities and enhanced cash, are expected to experience significant growth to support this increased flow of capital. Perpetual is positioning itself to address these trends by building and hiring teams of funds management professionals with excellent track records.

Additionally, initiatives such as the introduction of Super Choice, new fee disclosure templates and proposed refinements to the financial services reform (FSR) regime will assist Australians in taking greater responsibility for their retirement savings and empower them with appropriate information to make considered decisions. These initiatives will ensure that all Australians benefit from improved levels of retirement savings while maintaining a prudent fiscal balance for the Federal Government.

While the introduction of Super Choice from 1 July 2005 is not expected to impact the industry in the immediate future, the 'knock on' implications are that of a more astute consumer market. Combined with greater transparency from the new fee templates and increased consumer protection via the FSR regime, we expect to see a greater discernment by individual consumers between offerings along each part of the wealth management value chain, specifically funds management, administration and advice. Perpetual is constantly addressing its strategic participation in each of these segments to ensure that our proposition to consumers continues to be one of true value.

Corporate Trust

The continuing growth in the local residential mortgage backed securitisation (RMBS) market offers exciting prospects for initiative and development in the corporate trust industry in Australia. Offshore demand alone for Australian RMBS products has increased threefold since 2000. The growth in the RMBS market can be attributed to three 'supply side' factors: first, the underlying growth in the Australian mortgage market; second, the success of non-bank financial institutions which use securitisation as their primary funding source; and third, the increased use of securitisation by banking institutions as part of their funding diversification strategies.

Despite this growth, only 20 per cent of domestic residential loans are currently securitised. By comparison, the RMBS component in offshore markets is far greater than in Australia. In the United States, for example, RMBS makes up around 55 per cent of the market. Going forward, there are attractive opportunities for RMBS trustee providers that have proven track records for accuracy and consistency.

Perpetual's business position

Wealth Management

As investors take greater responsibility for their retirement savings with the advent of Super Choice, we believe the wealth management industry will continue to see the 'unbundling' of the value chain. That is, investors will actively search out the best investment managers, the most efficient administrators and the most trusted financial advisers. As an award winning fund manager for many years and a financial planning organisation trusted by generations of Australians, Perpetual is well positioned to benefit from this trend.

Increased savings balances for investors will also mean greater diversification in their portfolios. Improved access to new asset classes allows investors to grow and protect their savings more effectively. Over the past year, Perpetual has built on its core strength as a high quality fund manger to expand its capabilities across two new asset classes: global equities and credit. This allows us to provide our clients with high quality returns across a broad range of asset classes to include domestic equities, global equities, mortgages, credit fixed income, property, quantitative investing and infrastructure.

Corporate Trust

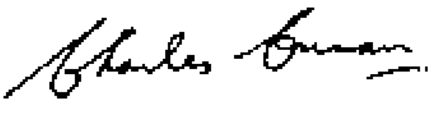
Our Corporate Trust business has seen the entry and exit of many local and overseas providers over the years. Perpetual's commitment to the market has spanned nearly 90 years and this experience has earned us the position as the leader in this industry. The projected growth of the corporate trust market, particularly by securitisation, will heavily favour an organisation that can demonstrate to its clients the essential attributes of quality and commitment.

Business outlook

Over this past year, we have invested in the capabilities necessary for the successful implementation of our long-term strategy. Perpetual is in excellent financial health and in a strong strategic position to grow in our chosen industry sectors. As always, our ability to deliver a strong result will be ultimately influenced by conditions in the investment market combined with our operational capability and the skill and commitment of our staff. Our strong position and the current outlook suggest that 2006 will be another year of growth for Perpetual.

We will continue to act decisively upon matters that impact our industry and our organisation. Our ability to turn challenges into opportunities can only be achieved by understanding our customers, knowing our business, anticipating trends, setting clear objectives and executing them with a clear vision in mind. Our focus remains on attracting and retaining talented professionals dedicated to delivering a strategy that sustains quality growth over the longer term.

It has been a pleasure to work with our fellow board members and the Perpetual team over the past year. Their hard work and dedication has again resulted in another outstanding year for Perpetual. We thank them for their excellent contribution and efforts toward a great result.



Charles Curran AO
Chairman

David Deverall
Managing Director

18 August 2005

Our values

We

We are trustworthy.

We

We keep raising the bar.

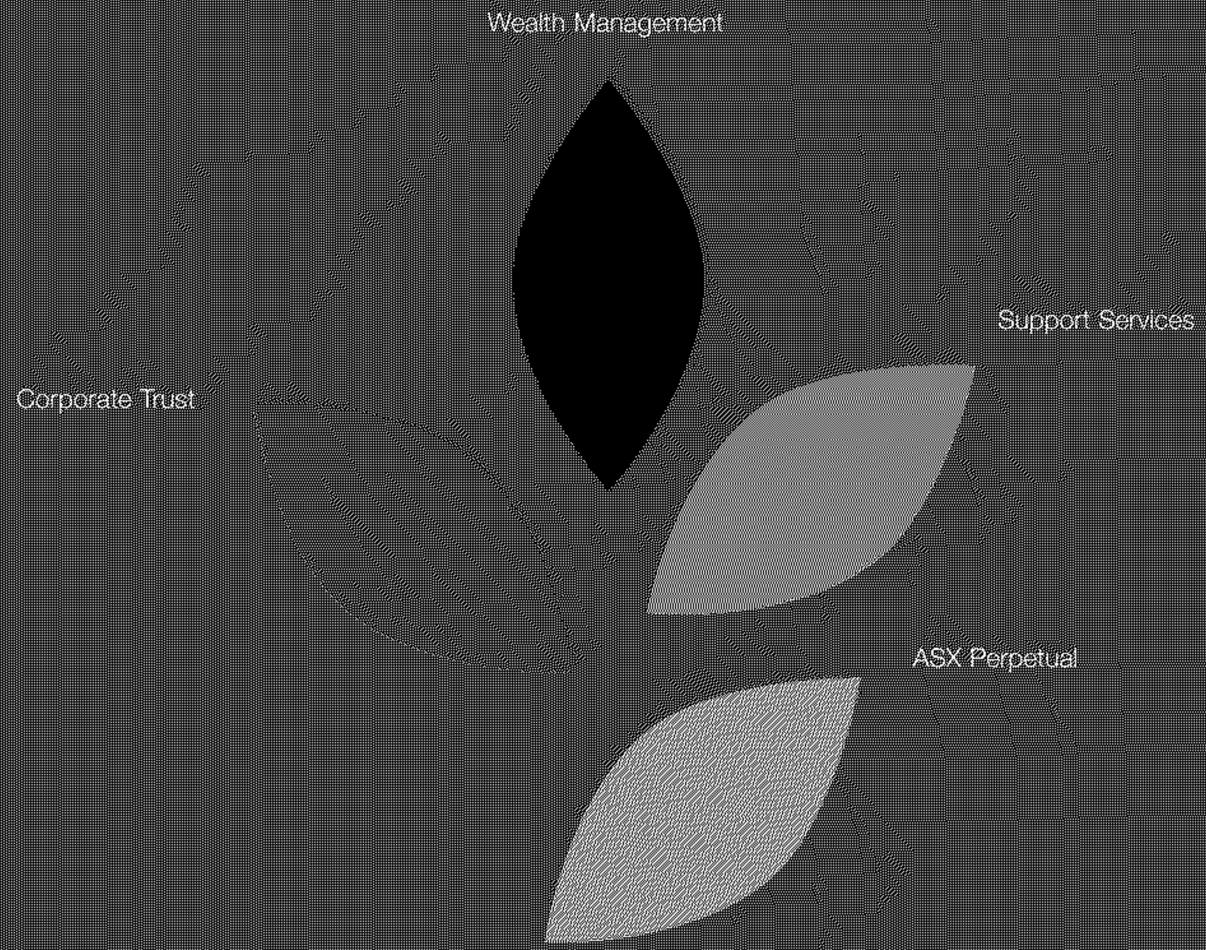
We

We consistently deliver.

We

We succeed together.

4



out of five years – Morningstar's Fund Manager of the Year

This review provides operational details of Perpetual's primary business units comprising Wealth Management and Corporate Trust, our 50 per cent investment in ASX Perpetual Registrars and our Support Services areas for the 2005 financial year.

'To compete effectively, Perpetual relies almost completely on the talents and teamwork of its people.'

Divisional EBITDA

	Full year ended		
EBITDA major components	30 June 2005 $M	30 June 2004 $M	Increase %
Wealth Management	145.4	115.4	26
Corporate Trust	30.3	25.9	17
Group unallocated	(4.6)	2.3	-
Total[1]	**171.1**	**143.6**	**19**

1 Excludes gains on sale of investments, sale of building and costs of major strategic initiatives

The group's EBITDA (before costs of major strategic initiatives and realised gains on investments) increased by 19 per cent from $143.6 million in 2004 to $171.1 million at 30 June 2005. This result was driven by growth in our Wealth Management and Corporate Trust businesses, which increased EBITDA by 26 and 17 per cent respectively for the year ended 30 June 2005.

Wealth Management generated revenues of $283.1 million and EBITDA of $145.4 million, up 15 and 26 per cent respectively for the year ended 30 June 2005. This improvement in profitability was driven by excellent growth in Perpetual Investment's funds under management and a firm focus on cost management within our private client business.

Wealth Management

Perpetual is one of Australia's leading independent wealth managers.

Wealth Management is a fully integrated division that delivers products and services to our clients through Perpetual Investments and Perpetual Private Clients and through our recently opened PI Investment Management Limited (PIIML). These businesses serve our clients in Australia and internationally.

Gerard Doherty
Group Executive, Wealth Management

Gerard Doherty joined Perpetual in March 1993. He is responsible for the growth and profitability of Perpetual's Wealth Management businesses — Perpetual Investments, Perpetual Private Clients and PI Investment Management Limited.

Wealth Management review

	Full year ended		
	30 June 2005 $M	30 June 2004 $M	Increase %
Profitability			
Revenue	283.1	245.8	15
Expenses	137.7	130.4	6
EBITDA	145.4	115.4	26
EBITDA margin (%)	51	47	
Perpetual Investments funds under management (FUM $B)	26.7	21.7	23
Perpetual Private Clients[1] funds under advice (FUA $B)	7.3	6.6	11

1 For 2004 and 2005, includes FUA associated with the Wilson Dilworth operation which is now fully integrated with Perpetual Private Clients.

During the year, Wealth Management implemented a range of initiatives that strengthen our ability to deliver high quality wealth management products and services to clients now and into the future. Our focus has been on expanding our asset management capabilities and adding the necessary skills, such as product packaging, promotion and sales to support these initiatives.

Emilio Gonzalez
Chief Investment Officer

Emilio Gonzalez has been with Perpetual since July 1990. He was appointed Chief Investment Officer in March 2001 and is responsible for the management of our asset management teams and investment processes.

Perpetual Investments

Perpetual Investments is one of Australia's most highly regarded investment managers offering products and services to retail, masterfund and institutional investors in the domestic markets and institutional investors in the global markets.

Revenues grew to $211.2 million in the twelve months to 30 June 2005, an increase of 19 per cent over the previous year. Funds under management increased by 23 per cent from $21.7 billion at 30 June 2004 to $26.7 billion at 30 June 2005.

The main drivers behind this strong growth were the consistently excellent performance of our award winning investment teams, continued good net inflows from both retail and institutional investors and a second year of over 20 per cent growth for the S&P/ASX 300 Index. The increase in overall funds under management of $5.0 billion reflected net inflows of $2.0 billion and market and other movements of $3.0 billion.

Funds under management in the retail and masterfunds categories benefited from positive support from financial planners and solid investment markets, increasing from $18.3 billion at 30 June 2004 to $21.0 billion at 30 June 2005. Institutional funds under management increased from $3.4 billion to $5.7 billion during the year. This result was driven in part by over $700 million of net inflows into our newly launched credit products and the robust performance of our Australian equities and mortgage funds.

Australian equities funds under management increased by $4.0 billion during the year. Good support across all distribution channels led to $1.4 billion of net inflows. Favourable domestic equities markets and strong investment performance by our Australian equities team contributed to $2.6 billion of this growth. This marked the tenth consecutive year that Perpetual's Australian Share Fund outperformed the Blended All Ords/S&P/ASX 300 Accumulation benchmark.

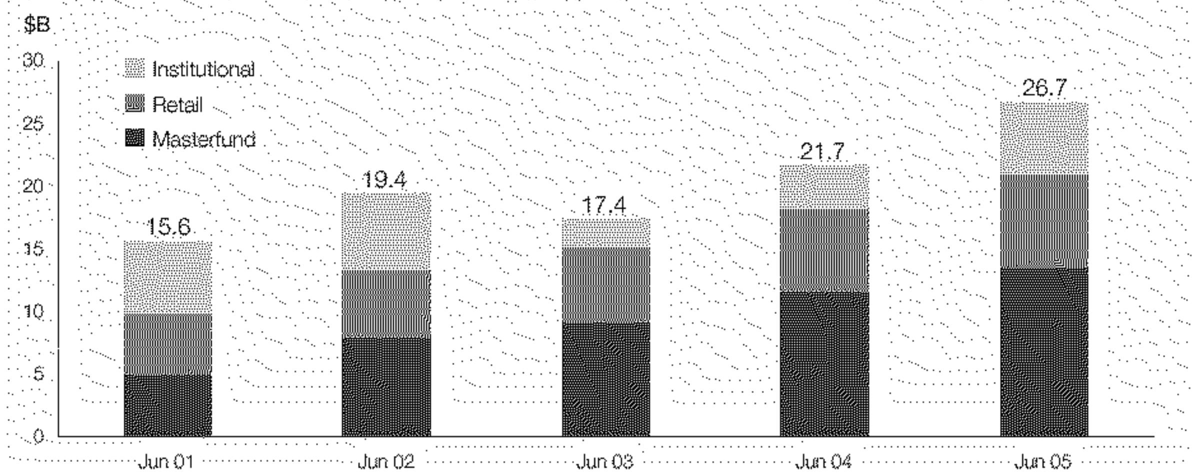
Funds under management in our other asset classes increased by $1.0 billion driven by good net inflows into our credit and diversified funds and solid performances by our mortgage funds. These positive movements were offset by the outflow of approximately $250 million of international equities funds returned to investors when we closed several overseas regional funds. The closure of these funds formed part of the planned transition of approximately $1.8 billion in funds under management from the previous external manager to our newly hired global equities team in Dublin.

Industry once again recognised our funds for the returns generated for investors. These awards included Morningstar's 'Fund Manager of the Year' for the fourth time out of the last five years and the 'Australian Equities Fund Manager of the Year' for the fifth year in a row. The team also received Money Magazine's 'Best of the Best 2005' Awards for 'Best Fund Manager' and 'Best Rated Growth Fund'.

Our Balanced Fund continued to deliver outstanding performance. The Mercer Pooled Balanced Fund Survey rated Perpetual first over one year and fourth over three years for the period ending June 2005. As we expand our capabilities in asset management, the fund has been able to benefit from increased exposure to alternative assets such as credit, mezzanine mortgages and infrastructure.

Perpetual's ability to consistently attract, develop, motivate and retain excellent investment professionals is the foundation of our strong investment performance. Motivation and retention is centred upon creating and maintaining a supportive work environment and culture, including asset management independence, sufficient administrative support and strong time management around non-asset management related activities.

Wealth Management funds under management (FUM)



The strength of our asset management team is not only evident in the returns it has been able to generate over the long-term, but also in the depth and breadth of its capabilities. For example, six members of the Australian equities team have direct portfolio management responsibilities. This is a result of our continual focus on succession planning and retention plans.

In April 2005, we established a deferred share plan for a number of our key asset managers. Our aim was to offer a long-term incentive program tied to future investment performance. The arrangement constitutes a career commitment to Perpetual, which is fundamental to achieving superior, sustainable returns for our clients and investors going forward.

Strong continuing demand for yield-based funds management products and our strategy to expand our asset management capabilities led to the recruitment of a team of highly experienced credit specialists in August 2004. Combined with existing capabilities in income/defensive asset classes, the team provides a significant opportunity to expand our product offering to each of our customer segments and helps diversify the division's earnings growth. We believe the changing demographics of investors will continue to fuel demand for these products.

The team successfully launched a number of credit-based cash strategies during the year: the Exact Market Cash Fund, the Credit Enhanced Cash Funds and the Credit Income Fund. The investment strategies for the credit team specifically focus on mitigating risk and maximising returns for the institutional market. The early investment performance of these strategies has been extremely pleasing and, during the course of the next financial year, we intend to expand our product offerings in cash and fixed income to the masterfund and retail customer segments.

The Diversified Infrastructure Fund was closed to investors in December 2004 with $130 million in commitments. The fund aims to provide wholesale investors with stable long-term capital growth and increasing cash distributions. Our first major investment was a 15 per cent stake in the Northern Territory Airports; our second major investment was secured in the form of a five per cent equity stake in the Adelaide to Darwin railway. Both of these investments have since been independently revalued upwards.

Our Quantitative Investments (QI) team had a successful year and continued to deliver strong investment performance, resulting in a $380 million mandate from an institutional client. We have added additional investment professionals to the team to continue to enhance the quality of research used in our investment processes.

To further support our new asset management capabilities, we have expanded our wholesale sales team. The team is structured specifically to service institutional customers and market intermediaries, such as asset consultants, retail research houses and platforms. Throughout the course of the year, we employed a number of highly respected and experienced people into technical, sales and service support areas.

Wealth Management funds under management (FUM) and net inflows

$B	June 2004 FUM	Net Inflows	Other*	June 2005 FUM
Retail	6.6	0.1	0.8	7.5
Masterfund	11.7	0.8	1.0	13.5
Institutional	3.4	1.1	1.2	5.7
All channels	**21.7**	**2.0**	**3.0**	**26.7**
Australian Equity	13.9	1.4	2.6	17.9
Other	7.8	0.6	0.4	8.8
All asset classes	**21.7**	**2.0**	**3.0**	**26.7**

* Includes re-investments, distributions, income and asset growth.

We have also invested in product and marketing teams with particular emphasis on the development of customer led strategies within Wealth Management. Capabilities were added across a range of disciplines including product development, channel marketing, branding, advertising, online marketing and events and production. The team is well placed to provide comprehensive strategic and operational support in the delivery of products and services to investors.

PI Investment Management Limited (PIIML)

PIIML is our newly formed global equity business located in Dublin and London. This business is responsible for managing global equities portfolios on behalf of investors.

Announced in September 2004, the establishment of PIIML was a major feature of our strategy to develop a more balanced portfolio and build new growth engines for the group by broadening our asset management capabilities and opening up distribution to clients outside Australia.

The business was established after a comprehensive global search, which was successfully concluded in September 2004 with the recruitment of four highly experienced Dublin-based global equity specialists from the Bank of Ireland's asset management business.

Sharing our group's traditional investment philosophies, PIIML is an active global investor with a long-term, pure investment approach. The team focuses on the stock selection of quality companies at attractive valuations based on the merits of the specific investment and not on the benchmark. In addition to the asset management team in Dublin, we have relocated two senior executives from the Australian business to Ireland to help drive the critical establishment phase of the business.

As a wholly owned subsidiary of Perpetual Trustees Australia Limited, PIIML received a regulatory licence in February 2005 and commenced managing client portfolios in March 2005. This includes the $1.8 billion transferred across from the previous manager of Perpetual's international share portfolio. The business will offer global equities products in the Australian retail and institutional markets, and in the international institutional market.

Another major milestone during the year was the successful establishment of an office in London in May 2005, which provides us with a service capability for global institutional markets in the United Kingdom and Europe.

Perpetual Awards

Morningstar Awards
Fund Manager of the Year 2004
Australian Equities Fund Manager of the Year 2004
Multi Sector Fund Manager of the Year 2004

Money Magazine 'Best of the Best 2005' Awards
Best Rated Growth Fund
Best Fund Manager

Australian Fund Managers' Awards
Golden Bull Award for Fund Manager of the Year 2004
Australian Equity Fund Manager of the Year 2004

Standard & Poor's Awards
Best Rated Australian Equities Fund 2004
Best Rated Balanced Dynamic Fund 2004

Personal Investor 2005 Awards for Excellence in Financial Services
Reader's Choice Award for Best Fund Manager
Australian Share Fund of the Year
Balanced Superannuation Fund of the Year

PIIML is now fully operational with 16 team members across a range of functions including asset management, institutional sales, risk management, finance and operations. We are very pleased with the initial progress of this business, which is starting to see some early rewards.

In May 2005, Perpetual became the third external manager on Irish Life plc's $8.3 billion investment product platform. Irish Life is Ireland's largest distributor of pensions and investment products, receiving inflows of approximately $500 million per annum. In the same month, Perpetual was appointed as an underlying manager for the van Eyk Blueprint International Share Fund, an important Australian managed international share fund. Perpetual's initial target allocation is approximately $35 million. In July 2005, the Perpetual Wholesale International Share Fund was included in the fund-of-fund product for another major Australian institutional investor. To date, we have received approximately $30 million in the fund as part of the new arrangements.

Perpetual Private Clients

Perpetual Private Clients is a specialist financial services business providing holistic financial solutions for high net worth individuals. These solutions include strategic advice, ongoing investment advice and management, do-it-yourself (DIY) super services, custodial solutions, estate planning, executorial services, trustee services and charitable foundations.

Our business approach focuses on the client's individual needs which can range from astute financial strategies to increase wealth, to protection strategies to safeguard their assets. Our broad expertise and experience provides clients with tailored financial, tax, legal and estate planning advice.

The business continued to improve its performance, generating revenues of $71.9 million for the year to 30 June 2005, compared to $68.5 million in the previous year. Total client funds for financial planning, fiduciary services and external DIY/independent directed portfolio services (IDPS) totalled $7.3 billion at 30 June 2005, up from $6.6 billion at 30 June 2004.

Funds under advice for financial planning increased by 16 per cent for the year to $3.7 billion. This growth was driven by a combination of good inflows and strong investment performance of the assets Perpetual manages on behalf of our clients. Funds in fiduciary services, which primarily comprises trustee services and estate planning, increased by 11 per cent due to healthy growth in the charitable trust sector and more specifically the increased use of Perpetual's Prescribed Private Funds services. This service assists Perpetual's clients to actively participate in philanthropy and provide lasting and growing support to their chosen causes in a highly tax efficient manner.

We restructured the operations of Perpetual Private Clients as part of a strategic initiative to make gains in efficiencies and growth opportunities for the business. The move has created greater opportunities for our people to focus specifically on key disciplines including new business, para-planning and client service. As a part of this restructure, we integrated the Wilson Dilworth business into Perpetual Private Clients, creating an opportunity to distribute a wider range of products and provide a more consistent level of service to all our clients. These changes have made significant improvements in the quality and profitability of our Perpetual Private Clients business.

Perpetual Private Clients funds under advice, administration and trust (FUAAT)

	Full year ended		
	30 June 2005 $B	30 June 2004 $B	Increase %
Financial planning	3.7	3.2	16
Fiduciary services	2.1	1.9	11
DIY/IDPS	1.3	1.3	0
Other	0.2	0.2	0
Total	**7.3**	**6.6**	**11**

Strategic priorities

1 Develop a more balanced portfolio

2 Develop new growth engines

3 Fully engage our people to deliver our strategy

We also sold our stake in Symetry Limited, an Adelaide-based master trust platform with $1.4 billion in funds under advice in December 2004. The sale of our share of the business to the Commonwealth Bank of Australia yielded a profit of $12.6 million and was concluded in conjunction with Symetry option holders and dealer groups.

In March 2005, Perpetual appointed Mr Scott Riedel as the new Head of Perpetual Private Clients. Mr Riedel brings significant private banking experience from both Australia and Switzerland. Mr Riedel's most recent role was as Head of the Private Bank for one of Australia's largest banks where he was responsible for the strategic direction and growth of the private banking business.

Divisional outlook

2005 was an excellent year for Wealth Management. We achieved strong growth in funds under management, funds under advice and profitability while simultaneously expanding our capabilities. We believe that we are well positioned to capture future business opportunities in the wealth management industry both in Australia and overseas.

The outlook for the Australia-based Perpetual Investments and Perpetual Private Clients businesses is favourable as markets remain positive, new legislation underpins industry growth and Australians continue to seek proven, trustworthy and independent services to provide for their retirement. We expect to report increased revenues and profits for these businesses in the 2006 financial year, subject to market conditions.

The outlook from our global equities business is equally positive. This key addition to the Wealth Management Division has an outstanding foundation supported by experienced asset management and sales capabilities. The business is well positioned to become a strong contributor to the profitability of Perpetual in the future.

Perpetual's major charitable foundations

Perpetual has been well established in the area of philanthropy for over one hundred years. Perpetual currently manages, either solely or jointly with co-trustees, over 400 charitable trusts and foundations including Public Offer Funds, testamentary trusts and settlements and Prescribed Private Funds. Charitable funds under management now surpass $780 million and are expected to continue to grow strongly, making Perpetual one of the largest managers of philanthropic funds in Australia.

The importance of this business to Perpetual is more than purely commercial. Our expertise and experience in philanthropy gives us the opportunity to show the business community the role we can play in assisting individuals, families, companies and not-for-profit organisations to achieve their philanthropic goals.

Some of the well known charitable foundations we manage are:

Ramaciotti Foundations for Biomedical Research

Established by Clive and Vera Ramaciotti, the Foundations support biomedical research throughout Australia. With capital of over $50 million, the Foundations have gifted over $40 million to more than 3000 biomedical research programs across Australia in the past 30 years.

Nita B Kibble Awards for Women Writers

The Nita B Kibble awards for women writers were established in 1994 to recognise women writers of fiction or non-fiction classified as 'life writing'. Two awards are made each year: the $20,000 Kibble Award for best book and the $2,500 Dobbie Award for a first published work.

Helen Lempriere National Sculpture Award

Australia's richest art prize, the Helen Lempriere National Sculpture Award is an annual art scholarship valued at $120,000. Through the Helen Lempriere bequest, the award is designed to attract and benefit Australian artists of the three dimensional art form.

The Perpetual Foundation

In 1997, we established the Perpetual Foundation to demonstrate our own commitment to the Australian community. Each year, Perpetual donates a portion of our pre-tax profits to The Foundation to support charitable endeavours in five categories: social welfare, education, medical research, the environment and the arts. The Foundation also accepts donations from individuals and organisations to support causes selected by donors.

'The Wealth Management division generated revenues of $283.1 million and EBITDA of $145.4 million, up 15 and 26 per cent respectively for the year ended 30 June 2005.'

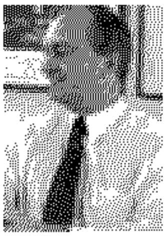
Corporate Trust

Perpetual Corporate Trust is the leading provider of trustee and related support services in the securitised debt market. We also offer compliance and administration services to fund managers in the property, mortgage and managed fund industries.

We differentiate ourselves through three sources of competitive advantage: our long-term commitment to the local market provides us with experience that is second to none; our disciplined approach to risk management; and our independence from a banking institution to avoid conflicts of interest.

These key elements have helped us forge business critical relationships with some of Australia's leading financial services providers. The client relationships we have built over the long-term are the basis for our future growth as we seek to share in the dynamic opportunities that these clients are creating in their respective markets.

Corporate Trust revenues increased from $49.4 million to $57.1 million, an increase of 16 per cent. EBITDA increased by 17 per cent to $30.3 million, up from $25.9 million in the year to 30 June 2004.



Phillip Vernon
Group Executive, Corporate Trust
Phillip Vernon has been with Perpetual since 1982. He is responsible for Perpetual's Corporate Trust division which provides trust administration services to corporates and institutions in the funds management and debt capital markets.

The excellent operating result was driven by strong underlying growth in the residential mortgage backed securitisation (RMBS) market where we bolstered our leading position as securitisation trustee. This resulted in strong securitisation growth in funds under administration from $112.4 billion at 30 June 2004 to $144.3 billion at 30 June 2005, an increase of 28 per cent.

Our funds under administration grew at a faster rate than our revenues due to a number of clients passing volume thresholds at which lower pricing becomes effective. During 2005, the major banking institutions also accounted for a higher proportion of funds under administration relative to non-bank lenders than in previous years. Perpetual's fees on the major banking institution issues are lower as we take a more limited role in supporting these transactions.

Corporate Trust review

	Full year ended		
	30 June 2005 $M	30 June 2004 $M	Increase %
Profitability			
Revenue	57.1	49.4	16
Expenses	26.8	23.5	14
EBITDA	30.3	25.9	17
EBITDA margin (%)	53	52	
Securitisation funds under administration (FUA $B)	144.3	112.4	28

'We differentiate ourselves through three sources of competitive advantage: our long-term commitment to the local market provides us with experience that is second to none; our disciplined approach to risk management; and our independence from a banking institution to avoid conflicts of interest.'

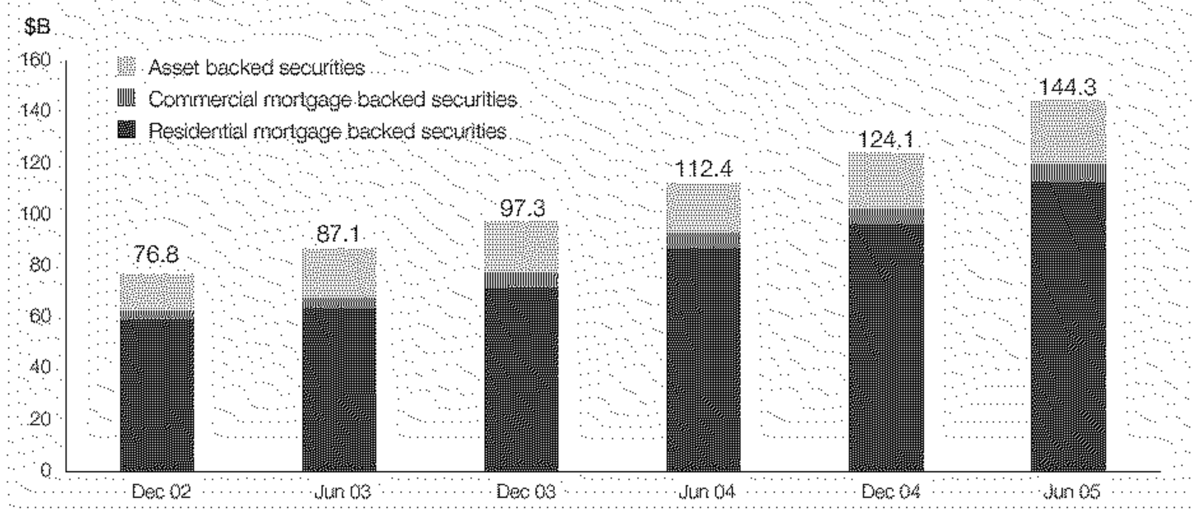
We terminated our arrangement with the Bank of New York (BONY) at the end of May 2005. The move followed BONY's decision to enter the local trust market through a joint venture. The services provided by BONY can be sourced through a number of providers and we are in the process of appointing a replacement for our offshore trustee and paying agency roles. The transition will not have any impact on our clients and Corporate Trust will continue to deliver the same high level of service upon which we have based our reputation for so many years.

During our nearly 90 years in the market, we have seen competitors enter and exit the business. Our ability to grow our market share is built upon our capacity for discipline and consistency and our focused approach to client service. To maintain this leading position in the market, we continually look to improve the quality and efficiency of our operations.

In November 2004, we commenced a review of underlying processes and operations. As a result of this review, we restructured some of our business processes and increased investment in business infrastructure, specifically in technology. The increased level of automation in operations will ensure client response times will be managed even more effectively.

During the year, one of our largest responsible entity clients opted to internalise its corporate trust role in order to be consistent with other equity funds of a similar size that manage these activities internally. The revenue loss from this client will be offset somewhat by the gains from the restructuring project. Going forward, our responsible entity business will continue to service boutique and international fund managers who prefer to focus on their core business and to outsource their compliance activities to an external provider.

Funds under administration (FUA)



The ability of Perpetual to handle all aspects of financial planning, including superannuation, wills, trusts and investments, has been a great help in managing my family's affairs. The quality and experience of their staff coupled with a strong commitment to client relationships has made them a friendly and easy organisation to deal with.

Robert Estcourt
Chief Executive Officer, Retail Cube
New South Wales

'Corporate Trust EBITDA increased by 17 per cent to $30.3 million, up from $25.9 million in the year to 30 June 2004.'

In 2005, Corporate Trust continued to diversify revenue streams by expanding the range of administration services business offered to our clients. These new business activities contributed a significant portion of the division's profit growth, reflecting the benefits of the investments made in previous years.

To leverage our position as a document custodian, we continued broadening our service offering in the securitisation market and have developed a new range of lending service capabilities. These services reduce the overall operational cost of administering mortgages for clients and provide a new revenue stream for Perpetual.

We also refined the pricing for our non-securitisation services to ensure that fees received are commensurate with the corresponding risk. As a trustee, we continue to focus on the issue of risk management. After almost 15 years of economic expansion, pricing for trustee services across the industry has reached a point where some fees are no longer sufficient to cover the underlying risk inherent in certain transactions. We continue to take a highly selective approach to business and have chosen not to participate in what we see as high risk, inadequately priced transactions.

Divisional outlook

Corporate Trust is anticipating a further softening in the housing market offset by strong expected demand from investors for Australian RMBS in the coming year. As we continue to broaden our service offering, we are optimistic about our ability to take advantage of the other growth opportunities offered by our clients.

ASX Perpetual Registrars Limited (APRL)

ASX Perpetual Registrars Limited (APRL) is a 50 per cent owned joint venture with the Australian Stock Exchange Limited (ASX).

It is Australia's second largest share register, providing registry management services to more than 400 listed entities.

APRL's revenues rose by 2 per cent to $54.8 million, up from $53.6 million in the previous year.

EBITDA increased by 5 per cent to $16.1 million, up from $15.3 million in 2004, while EBITDA as a percentage of revenue increased further from 28.5 per cent to 29.4 per cent during the same period.

On the back of the revenue growth and improved performance, the net result after tax for the year was a profit of $2.0 million, representing a 54 per cent increase on the 2004 result. Perpetual's share of this amount was $1.0 million. Cash flow generation for this business remains strong and resulted in an $11 million reduction in borrowings to $12 million.

One of the year's main achievements included the integration of APRL's Brisbane-based share registry business, which was acquired from Pitcher Partners in April 2004. The acquisition has substantially increased APRL's capacity in the Queensland market and has grown total client numbers.

In December 2004, APRL established Link Market Services (LMS), a New Zealand-based joint venture arrangement with the New Zealand Stock Exchange. LMS also acquired BK Registries Limited in New Zealand in January 2005.

Divisional outlook

On 17 August 2005, Perpetual and ASX announced an agreement to sell 100 per cent of APRL to Pacific Equity Partners Pty Limited (PEP) for approximately $132 million. The agreement is subject to PEP securing bank finance, approval for which, at the time of writing, is well advanced. Settlement is expected by the end of August 2005.

Support Services

Perpetual Support Services provides administrative and operational support to our business units in the form of finance, information technology, company secretariat, legal services, risk and compliance and human resources.

Finance and Information Technology

We have made substantial progress with the implementation of the new International Financial Reporting Standards (IFRS). The new reporting framework will have a relatively minor impact on the reported results for the group. Further details on IFRS are covered in the Financial Statements.

At the beginning of 2005, we commenced a supplier cost management program, which focused on achieving the best quality versus cost outcomes from external suppliers. The project has identified over $3.0 million in cost savings across the group, many of which have already been implemented although the full benefits will flow in the 2006 and 2007 financial years.

As a result of the global equities strategic initiative our centrally managed IT infrastructure has been expanded to include our Dublin office. In addition, in line with the move to our new offices at Angel Place in Sydney, the data centre and the overall IT infrastructure are being significantly upgraded.

The divestment of non-core assets included the sale of the 39 Hunter Street building in Sydney's CBD. The sale price for the building was $29.2 million, resulting in a profit after tax of $4.6 million. The proceeds from the sale of the building will be used to offset costs associated with the move to our new Sydney headquarters.

John Nesbitt
Chief Financial Officer

John Nesbitt was appointed Chief Financial Officer in 2004. His responsibilities include management of the finance, information technology, company secretariat and investor relations functions across the Perpetual group.

Legal Services, Risk and Compliance

The process of enhancing our existing risk management architecture began in 2004 by creating the new role of Chief Risk Officer and by consolidating all risk functions into a single, independent unit.

In 2005, we established an internal audit function to enhance the existing control of the self assessment process. This provides the opportunity to improve in house knowledge and capabilities while retaining the value of a third party opinion.

Ivan Holyman
Chief Risk Officer

Ivan Holyman joined Perpetual in 2004. He is responsible for legal services and risk management and compliance across the Perpetual group.

Human Resources

During the year, Mr Steve Rowe joined Perpetual as Group Executive, Human Resources. Mr Rowe brings many years of experience in human resource management in the corporate and financial services sector in Australia and in the United Kingdom.

To compete effectively, we rely almost completely on the talents and teamwork of our people. Leadership is critical to harnessing the talents of our people. As such, Perpetual has an ongoing commitment to invest in the development of our leaders. Last year, we established a Senior Leadership Team Development Program, which enhances overall leadership capability by tailoring leadership development at individual and group levels.

Steve Rowe
Group Executive, Human Resources

Steve Rowe joined Perpetual in January 2005. He is responsible for our remuneration, performance management and recruitment processes, as well as leadership development and other people related policies.

Staff philanthropy

Philanthropy has a long tradition at Perpetual. It is a core element of the business of Perpetual Private Clients and a major focus for our employees.

In the last financial year, Perpetual introduced a new Staff Giving Program, which regularly gives to the selected charities listed below specifically chosen by the Perpetual team. As at the end of the financial year, approximately 15 per cent of our people were involved in the Program. Perpetual was particularly delighted with the generous response to the Red Cross Tsunami Appeal to which our employees, combined with dollar-for-dollar matching from the Perpetual Foundation, donated almost $100,000.

The Inspire Foundation
Reach Out! program
www.inspire.org.au

The Cancer Council
www.cancer.org.au

The Australian Bush Heritage Fund
www.bushheritage.asn.au

The Starlight Foundation's
Starlight Express Vans
www.starlight.org.au

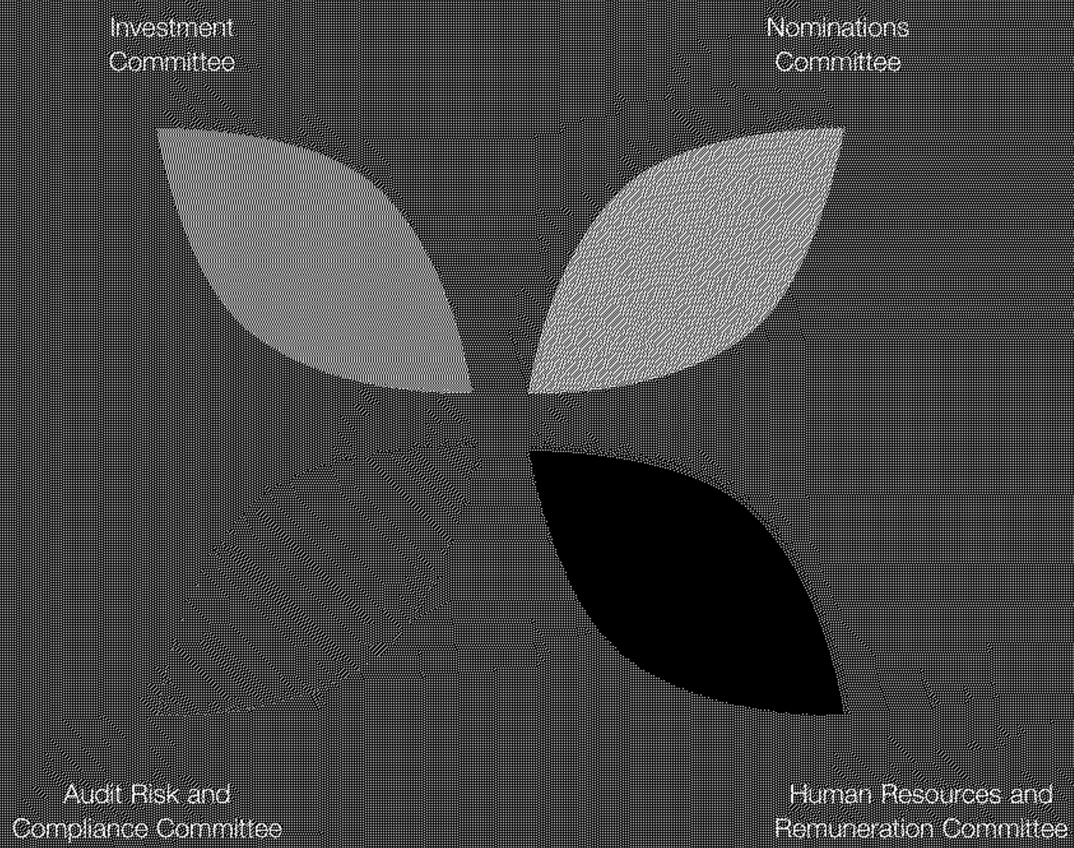
The Smith Family's
Learning for Life program
www.smithfamily.com.au

The House with No Steps
www.hwns.com.au

My family association with Perpetual extends over 110 years. From my great grandfather to my sons, the relationship has been friendly, courteous, helpful and easy-going and most beneficial for five generations. Since 1984, I have been a Co-Trustee of Trusts in New South Wales and Victoria. It has been a most interesting experience and I have enjoyed working with the company. I have strongly advised my sons to continue the long association.

Dr Roger Dunlop
General Practitioner and former head of the AMA New South Wales

Corporate Responsibility Statement



In this statement, we describe Perpetual's business principles, our approach to corporate governance and board supervision, our policies for ensuring the integrity of financial accounting and reporting to shareholders and our commitment to our employees and the wider community.

Detailed information on Perpetual's approach to executive and board remuneration is set out in the separate Remuneration Report on page 49. We consider that the practices of the board comply, and have complied throughout the reporting period, with all of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (ASX Guidelines) except Principle 9.4 which is discussed in more detail on page 36. Details of Perpetual's compliance with the ASX Guidelines are available on our website at www.perpetual.com.au

Our commitment to ethical business practices

Perpetual's reputation for trustworthiness is vitally important to our clients, our business partners, our people and our shareholders; it is the cornerstone of our success. The success of Perpetual's core businesses – the management of other people's money and the safekeeping of assets or securities – relies on a reputation of absolute trustworthiness. Our ethical standards are central to our business. Perpetual's Code of Conduct applies to directors, executives and employees and draws from Perpetual's values, which are referred to on page 13 of this report and set out on the Perpetual website. The Code of Conduct which is available on the Perpetual website, is supplemented by a range of written policies dealing with our obligations to maintain confidentiality of client and company information; avoid conflicts of interest; ensure full and timely disclosure of material, price sensitive information to shareholders and the market; and provide a safe workplace for our employees which is free from discrimination and other matters.

It is the responsibility of all directors and executives to report unethical conduct in breach of Perpetual's Code of Conduct or other relevant policies by Perpetual employees or business partners to the Chairman or to the Managing Director. The Chairman or Managing Director is required to investigate such reports, and to address any breaches with appropriate corrective and disciplinary action. Employees may prefer to report, on a confidential basis, any breach of Perpetual's Code of Conduct to our Chief Risk Officer, who must ensure that any claims of breach are dealt with fairly and appropriately. It is Perpetual's policy that any employees who report, in good faith, illegal or unethical conduct or a breach of the Code of Conduct will not be disadvantaged in any way.

Our commitment to good corporate governance

Your board is accountable to shareholders, clients and to the wider community for the group's performance. The Board Charter outlines the board's specific responsibilities, including:

- setting the group's values and standards;
- reviewing and approving Perpetual's strategy;
- ensuring that the performance of the board and management is regularly assessed;
- selecting the Managing Director and approving senior executive appointments;
- monitoring business performance and the group's financial position;
- overseeing the integrity of the group's financial accounts and reporting;
- monitoring that significant business risks are identified and managed effectively; and
- monitoring the group's investment activities and investment performance.

The Board Charter sets out the powers reserved to the board and delegations made to management. The board delegates day to day responsibility for the management and operation of the company to the Managing Director but remains responsible for overseeing the performance of the management team. The Managing Director may make further delegations within the parameters specified by the board but is accountable for the exercise of delegated powers. The Board Charter is reviewed annually to ensure it accurately reflects the board's current practice.

Board composition

The current size of the board is greater than the target of seven non-executive directors in order to introduce new directors during the period of significant board renewal. The board currently comprises ten directors of whom nine are non-executive directors. Directors come from a variety of business and professional backgrounds and bring to the board diverse skills and expertise relevant to the group. Details of the directors' experience, expertise, and terms of office are set out on pages 43 to 47 of this Annual Report.

The board considers that all non-executive directors are independent directors. The Chairman is also an independent director and the roles of Chairman and Managing Director are separate.

In assessing the independence of each director, the board considers, on a director by director basis, whether his or her shareholding in the group, relationships with suppliers, customers and competitors, or tenure as a director of Perpetual would materially affect the director's ability to exercise unfettered and independent judgment in the interests of Perpetual's shareholders. Consistent with the emphasis on 'substance over form' advocated by the ASX Guidelines, Perpetual takes a qualitative approach to materiality rather than setting strict numerical thresholds, and considers each director's individual circumstances on its merits.

In determining the position of individual directors, the board has considered the relevant elements of the definition of independence adopted by the board.

Several non-executive directors hold directorships with companies which operate in the financial services sector and whose businesses may be, in part, competitive with Perpetual. Ms Nicholls is a director of St. George Bank Limited, Mr Kent is a director of Commonwealth Bank of Australia Limited and Mr McClintock is a director of Macquarie Infrastructure Investment Management Limited. In considering whether such circumstances materially affect the independence of individual directors, the board considers the extent of competition relative to each organisation's total business and the frequency with which directors may be required to absent themselves from board deliberations by reason of conflicts of interest. It is the board's view that no directors currently hold other directorships that materially affect their ability to exercise independent judgment in the interests of Perpetual shareholders.

During the year, Mr Curtis retired from the board. During his term, Mr Curtis was also a director of St. George Bank Limited and was the Chairman of Caliburn Partnership Pty Limited (Caliburn). Caliburn provides corporate advisory services to Perpetual from time to time. Services are provided by Caliburn on arm's length commercial terms and Mr Curtis was not involved in the provision of advice to Perpetual. Mr Curtis played no part in the selection of corporate advisers by Perpetual. The board considers that Mr Curtis' position as the Chairman of Caliburn did not preclude him from being considered independent during his term as director of Perpetual.

The independence of each director is formally reviewed annually in May and at any time when a change occurs that may affect a director's independence. Non-executive directors also formally advise the Chairman of any relevant information, and update the Chairman if their circumstances change at any time.

The board has established a Nominations Committee responsible for reviewing the size and structure of the board to ensure that the board comprises an appropriate mix of skills and experience. As set out in Perpetual's policy on the appointment of directors, if a board vacancy arises, the board will appoint the most suitable candidate, having regard to the recommendation of the Nominations Committee. Perpetual's policy on the appointment of directors can be accessed on our website. External consultants are engaged to assist the board to identify qualified candidates. A director appointed to fill a casual vacancy must stand for election at the next Annual General Meeting.

As specified by the ASX Listing Rules, directors who have been in office without re-election for three years since their last appointment must retire and seek re-election at the company's Annual General Meeting. In order to revitalise the board, directors agree not to seek re-election after three terms of three years unless the board requests them to do so. The nine year principle does not displace shareholders' rights to vote on the appointment and removal of directors, as set out in ASX Listing Rules and the *Corporations Act 2001*. The board may invite a director to seek re-election beyond nine years if this would be advantageous for reasons such as board leadership or continuity. For example, in 2001, the board invited Mr Curran to continue beyond nine years in order to provide leadership as Chairman.

The Nominations Committee and the board as a whole have been considering board succession, as several directors are approaching the end of their nine year term. Two new non-executive directors, Mr Philip Twyman and Ms Meredith Brooks, were appointed to the board in November 2004. Mr Peter Scott was appointed to the board effective 31 July 2005 and further appointments will be made as vacancies occur.

The new directors received detailed letters of appointment and participated in a comprehensive induction program designed to familiarise them with Perpetual's business and management team.

Mr Warwick Kent resigned from the board at the end of July 2005 after seven years of service.

After fifteen years as a director, seven years as Deputy Chairman and four years as Chairman, Mr Curran will retire as Chairman and director at the 2005 Annual General Meeting. Mr Robert Savage will take over the role of Chairman. Having each served a nine year term, Ms Nicholls and Ms Boezeman will also retire from the board at the 2005 Annual General Meeting.

Board operations

In 2005, the board met ten times, including a strategic planning session held over two days. The board receives monthly performance, operations and compliance reports from the Managing Director, the Chief Financial Officer, the Chief Risk Officer and the heads of each division. The board also receives reports and updates on strategic issues.

In addition, directors spend time reading and analysing board papers and reports submitted by management and they engage in regular informal discussions with management. The views of the Chairman and the non-executive directors are canvassed regularly by the Managing Director and the executive team on a range of strategic and operational issues. The Chief Financial Officer and Company Secretary attend all board meetings. Other senior executives attend board and committee meetings to report on particular issues and to engage in discussion on these issues.

If a director has disclosed a material conflict of interest in relation to a matter being considered by the board, the director will not receive a copy of the relevant board materials and papers. The director also withdraws from the meeting while the matter is being considered.

Directors receive regular updates on changes in the regulatory regime and legislation affecting Perpetual and the financial services industry. As well as formal board meetings, education sessions are also held on relevant topics. In the past year, sessions have been held on the operation of Perpetual's remuneration system and financial accounting systems and processes. Directors are also encouraged to attend relevant conferences and seminars.

Non-executive directors regularly confer without management present and the Chairman presides over these sessions. All directors have unrestricted access to company records and information. We have a formal policy allowing the board or an individual director to seek independent professional advice at the group's expense provided that the director has obtained the prior approval of the Chairman, or if the director is the Chairman, the prior approval of a majority of Perpetual's non-executive directors.

Board committees

The board reviews its governance structures, including board committees, annually to assess their effectiveness and efficiency.

Each committee has written terms of reference. Unless more frequent meetings are required, all committees generally meet on at least a quarterly basis.

The four standing committees of the board, their membership and key responsibilities are set out below:

Audit Risk and Compliance Committee
Members: Linda Nicholls (Chairman), Meredith Brooks (from November 2004), Warwick Kent (until July 2005), Paul McClintock (until March 2005), Sandra McPhee, Robert Savage (until March 2005), Peter Scott (from August 2005) and Philip Twyman (from November 2004)

The main functions of this committee are to oversee group accounting policies and practices, the integrity of financial statements and reports, the scope, quality and independence of our external audit arrangements, the monitoring of the internal audit function, the effectiveness of risk management policies and the adequacy of our insurance programs. This committee is also responsible for monitoring overall legal and regulatory compliance. All members of the committee are independent non-executive directors.

Investment Committee
Members: Paul McClintock (Chairman), Meredith Brooks (from November 2004), Charles Curran (until November 2004), Bonita Boezeman, Stephen Chapman (until October 2004), Warwick Kent (until July 2005), Peter Scott (from August 2005), Philip Twyman (from November 2004) and David Deverall

This committee's main function is to monitor that management has in place and carries out appropriate investment strategies and processes for the investment activities which the group carries out both for third parties and on its own behalf. This committee does not select stocks for individual Perpetual funds; stock selection is carried out by Perpetual's asset management team. To ensure that the committee is fulfilling its duties to Perpetual and to shareholders, the committee obtains feedback on its performance from the board annually and implements any agreed changes.

Human Resources and Remuneration Committee
Members: Robert Savage (Chairman), John Curtis (until October 2004), Bonita Boezeman, Charles Curran and Sandra McPhee

This committee's role is to monitor the group's human resources policies and practices, to assist the Managing Director to implement fair, effective and market competitive remuneration and incentive programs designed to retain high calibre employees. After considering advice from external remuneration advisers, the committee recommends remuneration for non-executive directors, the Managing Director, Executive Committee members and senior employees. The committee also reviews succession and career plans for key executives.

Nominations Committee
Members: Charles Curran (Chairman), Warwick Kent (until July 2005), Paul McClintock (from August 2005), Robert Savage and Philip Twyman (from August 2005)

The committee's role is to recommend to the board nominees for the board (including re-election of existing board members) and to review at least annually the size and structure of the board to ensure that the board comprises appropriately qualified and experienced people. This committee is also responsible for the formal evaluation of the board's performance as a whole.

Board performance and remuneration

The board reviews its performance annually commencing in May. The Chairman reviews with each director their individual performance and after obtaining feedback from the other directors, a nominated director reviews the Chairman's performance. This process aims to ensure that individual directors continue to contribute effectively to the board's performance. The board's performance evaluation process includes a formal review of the board's overall effectiveness, including its committees. The process for the review is a formal self–evaluation with assistance from external consultants. Each member of the board is interviewed using an agreed questionnaire. The results are then evaluated and presented to the board.

The total remuneration available to non-executive directors is set by shareholders and was last increased in 2004 to \$1.75 million. Total fees paid to non-executive directors, which in 2005 were \$1.43 million, are set out in detail together with the fee schedule for 2006 in the Remuneration Report at pages 71 and 74.

In accordance with the company's constitution, non-executive directors are required to acquire a minimum of 500 shares in the company on appointment and hold at least 1,000 shares when they have held office for three years or more. Under a share purchase plan for directors approved by shareholders in 1998, non-executive directors may sacrifice up to 50 per cent of their directors' fees to acquire shares in the company. Details of the Non-Executive Director Share Purchase Plan and directors' individual shareholdings are set out on pages 71and 72 of the Remuneration Report.

'Perpetual's reputation for trustworthiness is vitally important to our clients, our business partners, our people and our shareholders; it is the cornerstone of our success.'

Non-executive directors appointed prior to 1 July 2003 are entitled to retirement benefits under the Non-Executive Directors Retirement Benefit Scheme, a scheme approved by shareholders in 1990 and amended with shareholder approval in 2001. Further details of this scheme are set out on page 72 of the Remuneration Report.

Non–executive directors appointed after 1 July 2003 receive increased board fees as well as having superannuation guarantee contributions made on their behalf but do not receive the retirement allowance. Following discussions at last year's Annual General Meeting, the trustee of the Non-Executive Directors Retirement Benefit Scheme has on the recommendation of the board resolved to discontinue the scheme from the conclusion of this year's Annual General Meeting. On that date there will be only one director, Mr Robert Savage, with entitlements under that scheme. His benefits will be crystallised and transferred into an appropriate complying superannuation fund. With effect from 18 October 2005, all non-executive directors will receive minimum superannuation guarantee contributions only.

The performance of the Managing Director is formally reviewed annually. The Chairman also provides the Managing Director with regular feedback from the board. The Human Resources and Remuneration Committee makes a recommendation to the board in respect of the Managing Director's remuneration which takes into account performance against objectives and other contributions and relevant market data. The performance of other senior executives is assessed by the Managing Director and also reviewed by the Human Resources and Remuneration Committee. Details of the Managing Director's and senior executives' remuneration are set out on page 57 of the Remuneration Report.

During the year, there were three departures from ASX Recommendation 9.4 (which recommends that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders) as detailed below.

In February 2005, we established the Perpetual Global Employee Share Trust in order to provide incentives under the Perpetual Global 2005 Growth Incentive Scheme to our global equities asset management team, which is based in Ireland. Our strategy was to recruit an existing team and the success of that strategy depended upon absolute confidentiality until the arrangements for the global equities team had been finalised. In this context, it would not have been practical to seek prior shareholder approval of the plan. More information about this plan is located on page 55 of the Remuneration Report.

In May 2005, a new Deferred Share Plan was established to provide long-term incentives and retention arrangements for key members of the Sydney-based asset management team. For competitive reasons, the detailed terms of this plan will be kept confidential. In this context, shareholder approval of the plan was not sought, but as set out in more detail on page 55 of the Remuneration Report, we consider that putting in place a mechanism to motivate and retain our key technical specialists is in the best interests of shareholders.

In order to implement the new plans within the required time frames and in line with Perpetual's remuneration policy, the board has set an overall dilution limit on the number of shares which may be issued under all Perpetual's employee incentive plans. The maximum number of shares and options which may be issued over a ten year period must not exceed 15 per cent of issued share capital. Accordingly, the board has increased the dilution limits in two of the existing share plans, being the Executive Option Plan and the Executive Share Plan, as set out on page 56 of the Remuneration Report.

This year, Perpetual discontinued the Employee Share Purchase Plan whereby employees were offered a non-recourse loan to purchase Perpetual shares which was repaid by dividends paid in respect of those shares. In June 2005, we established two new employee share plans – the Tax Exempt Employee Share Plan and the Tax Deferred Employee Share Plan. These plans have been designed for Perpetual's Australian employees to encourage them to own Perpetual shares, with executives being restricted to participation in the Tax Deferred Employee Share Plan. Employees are able to access the concessional tax treatment made available by the Australian Government when acquiring shares under these plans. The plans were established prior to the end of June 2005 without shareholder approval, to enable employees to sacrifice part or all of their short-term incentives into either of the plans for the 2005 financial year. More information about these two plans together with details of Perpetual's other employee incentive schemes and amendments to dilution limits are located on page 56 of the Remuneration Report and note 23 of the Financial Report.

Contracts with directors

In the financial year, no director disclosed a material personal interest in any contract entered into by any member of the Perpetual group other than the remuneration paid to the directors as outlined in this Annual Report, and the deeds of indemnity described below.

Indemnity of directors and officers

The company has entered into deeds to indemnify directors and officers of Perpetual and its subsidiaries from all liabilities incurred as a director or officer, except liabilities to Perpetual and its subsidiaries, and liabilities that arise out of conduct that was not in good faith. In addition, the company has directors and officers' insurance against claims the company may be liable to pay under these indemnities. This policy also insures directors and officers directly.

Perpetual's subsidiary boards

The boards of Perpetual's subsidiaries consist wholly of executive directors. Perpetual's corporate governance policies are applied to its subsidiaries but adapted to reflect the size and nature of each subsidiary's operations and to recognise the fact that the boards of these companies do not comprise independent directors. The subsidiary boards operate in accordance with Perpetual's risk management framework.

Our commitment to financial integrity

The board has adopted policies designed to ensure that the group's financial reports are true and fair, meet high standards of disclosure and audit integrity and, when read in conjunction with the group's annual and periodic reports to shareholders, provide all material information necessary to understand the group's financial performance and position.

To underpin the integrity of Perpetual's financial reporting, it is Perpetual's practice for the Managing Director and Chief Financial Officer to state to the board in writing that, in their respective opinions:

- the financial records of the company have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- the financial statements and notes thereto comply with the accounting standards and give a true and fair view of the financial position and performance of the company and consolidated entity;
- the statements made regarding the integrity of the financial statements are founded on a sound system of risk management and internal compliance and control systems which implement the policies adopted by the board of directors; and
- the risk management and internal compliance and control systems, to the extent they relate to financial reporting, are operating effectively and efficiently, in all material respects, based on the risk management framework adopted by the company.

The statement from the Managing Director and Chief Financial Officer is supported by written statements from senior executives, detailed financial analysis and the group's risk management, compliance and control systems. As previously noted, the Chief Financial Officer is present when the board considers financial matters, as he attends all board meetings.

Audit process

The group's financial accounts are subject to an annual audit by an independent, professional auditor, who also reviews the group's half yearly financial statements. The Audit Risk and Compliance Committee oversees this process on behalf of the board. The auditor attends each meeting of the committee, and it is the committee's policy to meet with the auditor for part of these meetings in the absence of all executives. The committee chairman meets with our audit partner at least once every quarter also in the absence of executives. The auditor has a standing invitation to meet with the committee, its chairman or with the group's Chairman in the absence of management. The auditor attends board meetings at which the annual and half yearly accounts are adopted. For part of these meetings, the board has discussions with the auditor in the absence of executives. In addition, the auditor attends the Annual General Meeting for the purpose of answering shareholder questions about the audit report and audit process.

Auditor independence

The board has in place policies for ensuring the quality and independence of the group's external auditor. Those policies include the following:

- the group's audit must be tendered at least every seven years and after the fifth year, the board must make a positive decision each year on whether to retain existing arrangements;
- the audit partner must be rotated at least every five years, with a two year gap before a partner may be reappointed; and
- former audit partners and audit firm employees involved in our audit cannot become directors or employees of group companies for at least two years.

In addition, our policies prohibit our external audit firm being engaged to provide non-audit services that may materially conflict with its ability to exercise objective and impartial judgment on issues that may arise within our audit, such as services related to mergers and acquisitions; tax planning and strategy; senior management recruitment; significant valuations and appraisals; design and implementation of financial information systems. In 2005, the greater part of fees paid to our external auditor for work other than audit of group accounts was for audit services in relation to investment funds of which Perpetual companies are the responsible entity and/or manager. It is the board's view that these audit services are appropriately provided by the group's external auditor and are not services of a kind that might impair the impartial judgement of the external auditor in relation to the group's audit.

The current external auditor is KPMG. The lead audit partner for the 2005 financial year was Dr Andries Terblanché and the engagement partner was Mr Andrew Yates. This is the first year that Dr Terblanché has supervised our audit and Mr Yates has acted as engagement partner.

In accordance with its policy, the board has considered whether to retain KPMG as its auditor for the 2006 financial year. As audit performance was considered satisfactory and there will shortly be a change in board membership including the current chair of the Audit Risk and Compliance Committee, the board has decided to retain KPMG as the company's auditor for the 2006 financial year to maintain continuity.

Risk management and oversight

The board is committed to effective risk management, bearing in mind the need to appropriately balance risk and reward. All executives are accountable for managing risk within their area of responsibility and are required to manage risk as part of their business objectives. Perpetual's approach to risk management is anticipatory, cost efficient and integrated across business processes.

The board is responsible for monitoring that management has an appropriate risk framework in place and that they comply with regulatory, prudential, legal and ethical standards. The board reviews Perpetual's key risks, mitigants, action plans and risk ratings as part of its annual strategic planning process in March. The Audit Risk and Compliance Committee oversees the implementation and maintenance of Perpetual's risk management program.

Regular reports are received by the board and the Audit Risk and Compliance Committee from management on risk matters throughout the year.

Perpetual's Chief Risk Officer reports to the Audit Risk and Compliance Committee and leads a centralised group of risk management professionals who are co-located with the business. Perpetual's legal team has been integrated into this group in order to improve efficiency and streamline processes.

'The success of Perpetual's core businesses – the management of other people's money and the safekeeping of assets or securities – relies on a reputation of absolute trustworthiness. Our ethical standards are central to our business.'

Perpetual has specific policies and processes which deal with the key areas of business risk, financial risk and compliance risk. These policies cover areas such as information security, business continuity, compliance and regulatory obligations, business operations, human resources requirements and occupational health and safety. A summary of Perpetual's risk management framework is available on Perpetual's website.

Donations

The board has made donations to the major political parties as a contribution to supporting the democratic process in Australia. The board made an equal commitment to each of the Australian Labor Party and the Liberal Party of Australia. The total commitment was less than 1 per cent of pre-tax profits.

Our commitment to shareholders

Market disclosure

The board is committed to ensuring that shareholders are fully informed of material matters that affect the position and prospects of the group. It seeks to accomplish this through:

- the Half Year Results released in February each year;
- the Chairman's May Letter to Shareholders each year;
- the Annual Report released in August each year;
- the Chairman's and Managing Director's addresses to the Annual General Meeting, which are mailed to shareholders; and
- the posting of significant information on Perpetual's website as soon as it is disclosed to the market.

Perpetual has a market disclosure policy to ensure compliance with its continuous disclosure obligations under ASX Listing Rule 3.1 and the *Corporations Act 2001*. The Managing Director, Chief Financial Officer and Company Secretary are members of the continuous disclosure committee responsible for deciding what information is required to be disclosed to the ASX. Perpetual ensures that all senior executives give regular sign offs as to whether there are matters that require disclosure to the ASX. The board considers its disclosure obligations at each scheduled board meeting. Copies of major announcements lodged with the ASX in the past year and web casts of scheduled analysts' briefings can be found on the company's website.

Perpetual holds its Annual General Meeting in October and a copy of the notice of Annual General Meeting is posted on the Perpetual website. The board encourages shareholders to attend the Annual General Meeting or to appoint a proxy to vote on their behalf if they are unable to attend. Perpetual webcasts the formal addresses at the Annual General Meeting for those shareholders who are unable to be present.

Share dealings by directors and employees

Our overriding policy is that there should be no dealings in the company's shares by any director or employee who is in possession of price sensitive information or where the dealing is for short-term or speculative gain. Provided they do not have price sensitive information, directors and employees are permitted to deal in the company's shares only in the one month periods commencing:

- 24 hours after announcement of the half year and full year financial results;
- 24 hours after release of the Chairman's May Letter to Shareholders; and
- at the conclusion of the Annual General Meeting.

The group's policy requires prior approval for any share dealings from the Chairman in the case of directors, from a nominated director in the case of the Chairman and from the Managing Director in the case of senior executives. Prior approval is also required from the Managing Director or Company Secretary in the case of certain employees who are more likely to have access to potentially price sensitive information through their position in the company.

Our commitment to our employees

Perpetual aspires to be a well regarded and progressive employer whose employees work in a non-discriminatory, safe and supportive environment where they can contribute to the delivery of our corporate strategy. Perpetual is an equal opportunity employer and our hiring, promotion, remuneration and other people management policies aim to respect basic human rights and avoid discrimination on the grounds of race, sex, age, religion, disability, sexual preference or political affiliation. We are also committed to provide our employees with training and development opportunities that will advance their career prospects and with remuneration policies that reward high achievement.

Perpetual is committed to protecting the health, safety and well being of all employees and visitors to our premises. We do this by maintaining workplaces that meet contemporary safety standards designed to minimise risks to health and by providing training and supervision on health and safety issues.

Perpetual regularly surveys employees to gauge satisfaction with the group's policies and performance. Survey results are reviewed by the board and taken into account in setting targets for improvement in relevant areas.

Our commitment to our stakeholders

Perpetual aspires to do what is right by our stakeholders through the efficient delivery of services to our clients, through the returns we provide to our shareholders, through the taxes we pay, through the employment and training we provide our employees and through our philanthropic endeavours.

Perpetual's Staff Giving Program supports employees who wish to give back to the community. Through the program, Perpetual employees are able to make regular donations to six community organisations from their pre-tax pay. Perpetual matches employees' donations through the Perpetual Foundation. Details of the Staff Giving Program, the Perpetual Foundation and Perpetual's other philanthropic activities are set out on pages 22 and 28 of this report.

Shareholders who wish to know more about Perpetual's corporate policies are invited to review our website **www.perpetual.com.au** or to contact us by email at the address **info@perpetual.com.au** Comments and suggestions from shareholders are welcomed.

Charles Curran AO
Chairman

David Deverall
Managing Director

18 August 2005

Our family has been a client of Perpetual, for four generations. This longstanding relationship has recently been reinforced by a close and active arrangement with Perpetual Private Clients. I am very satisfied with the high quality of information and expertise that Perpetual have provided and I very much appreciate the personal and friendly service of their staff. I look forward to this relationship continuing with the next generation.

Dr Janet Schapper
Trust for Nature Foundation
Victoria

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2005 Financial Report

Directors' Report

The directors present their report together with the Financial Report of Perpetual Trustees Australia Limited (the 'company' or 'Perpetual') and the consolidated Financial Report of the company and its controlled entities (the 'consolidated entity'), for the year ended 30 June 2005 and the auditors' report thereon.

Directors

The directors of the company at any time during or since the end of the year are:

Charles P Curran AO
LLB, FCPA (Age 66)
Chairman and Independent Director

Appointed as a director in May 1990, Deputy Chairman from January 1995 to October 2001 and Chairman since October 2001. He is Chairman of Capital Investment Group Pty Limited, an International Advisor to Goldman Sachs JB Were, a member of the Financial Sector Advisory Council and a member of the Council of the National Gallery of Australia. He is chairman of Perpetual's Nominations Committee and a member of the Human Resources and Remuneration Committee.

Mr Curran brings to the board over 40 years' experience as stockbroker, businessman and investor, as well as over 27 years as a public company director and chairman.

Listed company directorships held during the past three financial years:

- QBE Insurance Group Limited from April 1991 to April 2005

David M Deverall
BE (Hons), MBA (Stanford) (Age 39)
Managing Director

Appointed Managing Director in September 2003. He held senior management positions at Macquarie Bank Limited for seven years including Group Head of the Funds Management Group and Head of Strategy, Analysis and Planning. Prior to this, he was a strategy consultant with Bain International and The LEK Partnership. Mr Deverall is a director of the Investment and Financial Services Association (IFSA) and a member of the Advisory Council of the Faculty of Business at the University of Technology Sydney. He is a member of Perpetual's Investment Committee and a director of Perpetual James Fielding Limited and ASX Perpetual Registrars Limited.

Mr Deverall brings to Perpetual a combination of strategic ability and commercial drive and skills in product innovation and experience in management across a broad range of investment products and services. He also possesses an extensive overall understanding of the wealth management and wider financial services industry.

As advised in the Chairman and Managing Director's Report to Shareholders, Mr Charles Curran AO, will be retiring as Chairman and as a director at the conclusion of the Annual General Meeting.

Mr Curran joined the board of Perpetual in June 1987 when he was appointed to the board of the Perpetual Trustee Company Limited, which was the operating company for Perpetual in New South Wales. At that time, Perpetual operated as a federation of state-based companies, each of which had its own management structure, with Perpetual Trustees Australia Limited operating with a small head office staff. Since then, the group has moved away from a geographic-based structure to a functional-based structure. This led to the development of group-wide teams of management specialists, the boards of the state-based companies then comprising executives as directors.

As Chairman, he has been closely involved in the implementation of programmes for management succession and board succession and renewal and with the recruitment of a number of highly experienced directors who will assist the restructured management team in further developing the business of the group.

During his fifteen years as a director of Perpetual Trustees Australia Limited, he has participated in the transformation of a traditional trustee group to a more broadly-based financial services group with extensive wealth management and corporate trust operations. The transformation has created an environment which has enabled the Perpetual team to significantly increase operating profits from $8.5 million in 1987 to $111.6 million in 2005.

Bonita L Boezeman AO | Meredith J Brooks | Warwick G Kent AO | E Paul McClintock | Sandra V McPhee

Bonita L Boezeman AO, Independent Director
PMD (Harv.) (Age 56)
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 Sydney Harbour Foreshore Authority and the Catholic Development Fund. She is a member of Perpetual's Investment Committee and Human Resources and Remuneration Committee.

Ms Boezeman brings to the Perpetual board over 30 years of experience as a local and international executive, together with expertise in marketing, client relationship management and business development.

Meredith J Brooks, Independent Director
BA, Fellow of the Institute of Actuaries of Australia (Age 43)
Appointed as a director in November 2004. She was formerly Managing Director, US Institutional Investment Services for Frank Russell Company based in New York. Prior to that she held the position of Managing Director of Frank Russell Australasia for five years and was previously Director, European Funds based in London. Ms Brooks is a member of Perpetual's Investment Committee and Audit Risk and Compliance Committee.

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

Warwick G Kent AO, Independent Director*
CIT.WA, BEc, FCPA (Age 69)
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 West Australian Newspapers Holdings Limited and a director of Commonwealth Bank of Australia Limited and Hoyts Corporation Pty Ltd. He is a member of Perpetual's Audit Risk and Compliance Committee, Investment Committee and Nominations Committee.

As an experienced banking executive, Mr Kent brings to the Perpetual board his background in the management of operations, finance and risk management in the financial services industry together with his experience as a non-executive chairman and director.

Listed company directorships held during the past three financial years:
- Investment Company of the West Limited from December 1999 to September 2002
- West Australian Newspapers Holdings Limited from February 1998 (current)
- Commonwealth Bank of Australia Limited from June 2000 (current)
- Coventry Group Limited from July 2001 (current)

* Mr Kent resigned as director on 31 July 2005.

Linda B Nicholls *Robert M Savage* *Peter Scott* *Philip J Twyman*

E Paul McClintock, Independent Director
BA, LLB (Age 56)
Appointed as a director in April 2004. He is a director of investment banking firm McClintock Associates, a role he has held since 1985, apart from the period between July 2000 and March 2003, when he was Secretary to the Cabinet and Head of the Cabinet Policy Unit in the Australian Government. As Head of the Cabinet Policy Unit, he was the Prime Minister's senior personal adviser on strategic directions in policy formulation. He is Chairman of ADI Limited and Deputy Chairman of Mayne Group Limited. He is chairman of Perpetual's Investment Committee and a member of the Nominations Committee.

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

Listed company directorships held during the past three financial years:
- Mayne Group Limited from June 2005 (current)
- Macquarie Infrastructure Investment Management Limited (the manager of Macquarie Infrastructure Group) from May 2003 (current)

Sandra V McPhee, Independent Director
Dip Ed (Age 59)
Appointed as a director in April 2004. She has held a variety of senior executive positions in the international aviation and tourism industries, including most recently, ten years with Qantas Airways Limited. She is currently a director of Coles Myer Limited and Australia Post, The Art Gallery of New South Wales and St. Vincent's and Mater Health. She is a member of Perpetual's Audit Risk and Compliance Committee and Human Resources and Remuneration Committee.

Ms McPhee brings to the board her extensive experience in business including 20 years in the management of consumer facing organisations at a senior level.

Listed company directorships held during the past three financial years:
- Primelife Corporation Limited from June 2003 to May 2005
- Coles Myer Limited from July 2003 (current)

Linda B Nicholls, Independent Director
BA (Econ), MBA (Harv.) (Age 57)
Appointed as a director in March 1996. She is Chairman of Australia Post, Deputy Chairman of Healthscope Limited and a director of Sigma Pharmaceutical Group and St. George Bank Limited. She is chairman of Perpetual's Audit Risk and Compliance Committee.

Ms Nicholls brings to the Perpetual board her 20 years of experience, both local and international, in financial services and investment management, together with considerable experience in relation to the audit and risk management issues faced by public companies.

Listed company directorships held during the past three financial years:
- Healthscope Limited from January 2000 (current)
- Sigma Company Limited from April 1997 (current)
- St. George Bank Limited from August 2002 (current)

Robert M Savage, Independent Director
FASCPAS (Age 63)
Appointed as a director in August 2001. He was formerly Chairman and Managing Director of IBM Australia and New Zealand. He is Chairman of David Jones Limited and Mincom Limited, and a director of Smorgon Steel Group Limited. He is chairman of Perpetual's Human Resources and Remuneration Committee and a member of the Nominations Committee.

In addition to his particular expertise in the management of information technology and systems, Mr Savage brings to the Perpetual board his experience as a senior executive in Australia and the Asian region, including experience in people management and organisation effectiveness issues.

Listed company directorships held during the past three financial years:
- David Jones Limited from October 1999 (current)
- Smorgon Steel Group Limited from April 2000 (current)
- IBA Health Limited from May 2001 to May 2003

Peter Scott, Independent Director
BE (Hons), Master of Engineering Science (Age 51)
Appointed as a director in July 2005. He was formerly the Chief Executive Officer of MLC, an Executive General Manager of National Australia Bank Limited and held a number of senior positions with Lend Lease. He is also a director of SKM and Stockland Corporation Limited. He is a member of the Strategic Advisory Panel of the Project Management Graduate Programme at the University of Sydney and a board member for the Centre for Engineering Leadership and Management at the Institution of Engineers, Australia. He is a member of Perpetual's Investment Committee and Audit Risk and Compliance Committee.

Mr Scott has more than 20 years of in-depth senior business experience in publicly-listed companies and extensive knowledge of the wealth management industry, particularly the retail distribution sector.

Listed company directorships held during the past three financial years:
- Stockland Corporation Limited from August 2005 (current)

Philip J Twyman, Independent Director
BSc, MBA, FIA, FIAA (Age 61)
Appointed as a director in November 2004. He is a former Group Executive Director of Aviva plc, based in London. Aviva is one of the world's largest insurance groups with extensive fund management and wealth management businesses. Mr Twyman was also formerly Chairman of Morley Fund Management, a director of the Quilter group, a private client stockbroker in the United Kingdom, and a senior executive of AMP in Australia. He has also been Group Finance Director of General Accident plc, a predecessor company to Aviva plc and Chief Financial Officer of AMP in Australia. Since returning to Australia, Mr Twyman has joined the advisory board for the Australian branch of the Swiss Reinsurance Company and has been appointed Chairman of Overseas Council Australia Limited. He is a member of Perpetual's Investment Committee, Nominations Committee and Audit Risk and Compliance Committee.

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

Listed company directorships held during the past three financial years:
- General Accident plc from August 1996 to June 1998 (then merged to form Aviva plc)
- Aviva plc (UK listed) from June 1998 to March 2004

Alternate Director

P John Nesbitt, Alternate Director
BFA, CA (Age 46)
Appointed as alternate director for Mr Curran in December 2004. He joined Perpetual in March 2004 as the Chief Financial Officer. Prior to joining Perpetual, he held the position of Chief Financial Officer of Lend Lease Corporation Limited, Asia Pacific Region. During his 12 years at Lend Lease group, he held a number of senior management positions including General Manager, Group Finance Lend Lease group; Global Chief Financial Officer, Bovis Lend Lease and Financial Controller, Financial Services Division at MLC.

Directors who resigned during the period

Stephen J Chapman, former Independent Director
BCom, MBA, ACA (Age 49)
Mr Chapman was appointed as director in May 1995 and Deputy Chairman since October 2001, and resigned on 29 October 2004.

Listed company directorships held during the past three financial years:
- Blackmores Limited from September 1993 (current)
- Hostworks Group Limited from February 1997 (current)
- Macquarie Radio Network Limited from November 2002 (current)

John S Curtis, former Independent Director
BA, LLB (Hons) (Age 55)
Mr Curtis was appointed as director in April 1995 and resigned on 29 October 2004.

Listed company directorships held during the past three financial years:
- St. George Bank Limited from October 1997 (current)

Jane Couchman, Alternate Director
BA, LLB, General Counsel (Age 37)
Ms Couchman was appointed as alternate director for Mr Deverall in January 2004 and resigned on 30 June 2005.

Company Secretaries

Joanne Hawkins
BCom, LLB, Grad Dip CSP FCIS (Age 39)
Joined Perpetual as Deputy Company Secretary in November 2002 and was appointed Company Secretary in June 2003. Prior to this, she 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
(Age 54)
Joined Perpetual in August 1994. She was appointed Assistant Company Secretary of Perpetual in 1999. Ms Charles has over ten years experience in company secretarial practice and administration and has completed relevant courses in corporate governance and company secretarial practice with the Institute of Chartered Secretaries. Ms Charles has worked in the financial services industry for over 15 years.

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 year to 30 June 2005, were:

Director	Board		Audit Risk and Compliance Committee		Investment Committee		Nominations Committee		Human Resources and Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
C P Curran[1]	10	10	-	-	2	2	5	5	6	6
S J Chapman[4]	4	2	-	-	1	-	-	-	-	-
B L Boezeman[3]	10	10	-	-	4	3	-	-	6	5
M Brooks[5]	6	6	4	4	2	2	-	-	-	-
J S Curtis[4]	4	4	-	-	-	-	-	-	1	1
W G Kent[4]	10	10	8	8	4	4	5	5	-	-
E P McClintock[2,3]	10	10	6	5	4	4	-	-	-	-
S V McPhee[3]	10	9	8	7	-	-	-	-	6	6
L B Nicholls[3]	10	9	8	8	-	-	-	-	-	-
R M Savage[2]	10	10	6	6	-	-	5	5	6	6
P J Twyman[5]	6	6	4	4	2	2	-	-	-	-
D M Deverall	10	10	-	-	4	4	-	-	-	-

1 Charles Curran retired from the Investment Committee on 18 November 2004.

2 Paul McClintock and Robert Savage retired from the Audit Risk and Compliance Committee on 14 March 2005.

3 Prior to the meetings that Bonita Boezeman, Paul McClintock, Sandra McPhee and Linda Nicholls were unable to attend, they provided comments to the chairmen of the board and committees on the matters under consideration at those meetings.

4 Directors who resigned during the period or since the end of the year.

5 Directors appointed during the period.

Principal activities

The principal activities of the consolidated entity during the financial year were those of funds management, retirement savings and incomes, portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, investment administration and custody services. There were no significant changes in the nature of activities during the year.

Consolidated results

The consolidated net profit for the year attributable to the members of Perpetual Trustees Australia Limited was $119,522,000 (2004: $90,386,000). The following table provides an analysis of the result in comparison with the preceding financial year:

	30 June 2005 $'000	30 June 2004 $'000
Reported net profit after tax	119,522	90,386
Less: Profit on sale of investments/land and building	(32,114)	(2,147)
Add: Costs associated with move to a single premises	4,881	-
Add: Expenditure incurred on the Global Equities Strategic Initiative	19,359	-
Perpetual's operating profit after tax	**111,648**	**88,239**

Dividends

Dividends paid or declared by the company since the end of the previous financial year were:

Type	Cents per share	Total amount $'000	Franked/ unfranked
Declared and paid during the financial year			
Final 2004 ordinary	80	30,645	franked
Special 2004 ordinary	200	76,612	franked
Interim 2005 ordinary	130	50,837	franked
Declared after end of financial year			
Final 2005 ordinary	130	52,153*	franked
Special 2005 ordinary	100	40,118*	franked
Total amount		250,365	

* Calculation based on the ordinary shares on issue as at 31 July 2005

	Note		
Dealt with in the financial report as:			
— Dividends	8	158,094	franked
— Noted as a subsequent event	8	92,271	franked
		250,365	

All the dividends paid or declared by the company since the end of the previous financial year were fully franked at 30 per cent.

Review of Operations

A review of the operations of the consolidated entity and the results of those operations for the financial year are contained in the Chairman and Managing Director's Report to Shareholders.

State of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year other than the establishment of a global equities funds management capability in Dublin, Ireland.

Events subsequent to balance date

The directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report or the consolidated financial report (including note 32 'Events subsequent to the balance date') 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.

Likely developments

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years has not been included in this report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the consolidated entity.

Remuneration Report (Audited information)

Disclosure requirements of AASB 1046: Director and Executive Disclosures by Disclosing Entities and section 300A of the *Corporations Act 2001* (as amended by CLERP 9) for the details of the Non-Executive Directors, Specified Director and Specified Executives emoluments paid during the year ended 30 June 2005 and the five most highly paid executive officers, shares and options together with Perpetual's remuneration policies, are provided in the Remuneration Report that follows.

Remuneration Report

Section A – Remuneration approach

This note sets out the remuneration arrangements for all staff, including the Specified Director and Specified Executives of Perpetual in accordance with AASB 1046: Director and Executive Disclosure by Disclosing Entities and section 300A of the *Corporations Act 2001* (as amended by CLERP 9).

Following research conducted by the company and after incorporating the results of a review performed by Towers Perrin and Egan Associates in the year ended 30 June 2004, an executive remuneration policy was developed based on the following five principles:
- variable pay should form a significant part of overall remuneration, whilst keeping fixed remuneration competitive;
- variable pay should be linked to shareholder wealth creation;
- short-term incentive ('STI') payments should be uncapped to allow for recognition of performance exceeding expectations;
- STI payments should be made out of the realised profits of the organisation, rather than being budgeted as a fixed cost; and
- equity participation within the organisation should be increased to encourage an ownership mindset and be appropriately tied to challenging hurdles.

These five principles and the resultant approach to remuneration is reaffirmed by the board for the 2005 financial year.

Role of the Human Resources and Remuneration Committee ('HRRC')
One of the board's sub-committees is the HRRC whose role is described in the Corporate Responsibility Statement.

The purpose of the HRRC is to assist the board by:
– reviewing the appropriateness of human resource management policies and practices;
– reviewing and recommending senior employee remuneration policies and practices; and
– reviewing succession and development plans for key senior employees.

With specific regard to remuneration, the HRRC will:
– make recommendations to the board for any changes in the level, form or structure of board remuneration;
– establish and review remuneration terms and performance for the Managing Director;
– review and approve remuneration arrangements for key senior employees;
– determine whether long-term incentive performance hurdles have been satisfied; and
– liaise with the Audit Risk and Compliance Committee to ensure disclosure requirements are met.

A1. Remuneration philosophy and objectives
The company's approach to performance and remuneration management can be characterised as:
– aligning remuneration outcomes with shareholder wealth creation thus underpinning the critical link between the company's performance, individual performance and individual reward;
– actively supporting the execution of business strategy and the development of an entrepreneurial, team-based culture;
– assisting in attracting and retaining senior employees;
– being competitive with contemporary marketplace practice;
– providing clarity and transparency; and
– being in keeping with the company's commitment to good corporate governance.

The 2005 financial year saw the company further focus on aligning employee reward and shareholder value by the addition of new plans for our investment management teams and new employee participation plans for all staff.

A2. Remuneration structure overview
The remuneration structure for senior employees involves three components:
– a fixed remuneration component ('Fixed Remuneration');
– a short-term incentive component ('STI'); and
– a component related to longer term performance and retention ('LTI').

The HRRC will continue to play a pivotal role in ensuring the remuneration for senior employees is fair and reasonable, and is effectively structured to align rewards with performance.

A3. Fixed remuneration
Typically, fixed remuneration is set at around the median level for each employee within the market range. Market ranges for each individual role are developed with reference to appropriate comparator companies which principally comprise Australian-based financial institutions. In some circumstances, such as for specialist technical positions, a more targeted comparator group of companies may be selected.

The fixed remuneration component is calculated on a 'total cost to company' basis with the cost of employee benefits such as motor vehicles, superannuation and car parking, together with fringe benefits tax ('FBT') applicable to those benefits, being borne by the employee.

There are no guaranteed increases to fixed remuneration in senior employee contracts.

A4. Short-term incentives ('STI')

The four principles underpinning our approach to STIs are:

– all employees are eligible to receive an STI payment;
– incentive payments are a significant part of senior employees' remuneration;
– incentive payments are funded out of realised profits linking them to shareholder wealth creation; and
– individual incentive payments are uncapped to allow for recognition of performance that significantly exceeds expectations, given appropriate measures and hurdles.

Funding and Payment of STI

Each year a Profit Participation Pool ('PPP') is created, which is used to fund future short-term incentives for all Perpetual employees with the exception of some asset management employees whose STI is linked explicitly to investment performance. The PPP is directly linked to profit performance; increased profits will fund a larger pool and decreased profits will fund a smaller pool.

The two key profitability measures used to govern the operation of the PPP are Return On Equity ('ROE') and Operating Profit After Tax ('OPAT'*). Under the STI plan, ROE is used as a gateway measure to govern whether any amount will accumulate in the PPP. If the ROE gateway is met, OPAT determines the size of the PPP.

The PPP operates as follows:

1. The PPP does not begin to accumulate unless ROE for the current year exceeds a significant majority of the comparator group, measured on a rolling three-year basis. The comparator group is the S&P/ASX 100 excluding listed property trusts.

   The ROE measure was chosen for the purpose of ensuring that Perpetual's capital utilisation does not fall to unacceptable levels as the company seeks to grow operating profits.

2. Once the ROE hurdle is met, the PPP begins to accumulate based on an increasing percentage of OPAT. The accumulation rate applied to calculate the PPP escalates in line with the increase in profit over the previous year. At the beginning of each year, the accumulation rate is re-set to the base rate. It is important to note that although the value of the pool is uncapped, the rate of accumulation is ultimately capped at one third of incremental OPAT where year-on-year OPAT growth is in excess of 40 per cent.

   The OPAT measure was chosen for the purpose of encouraging year-on-year growth in the operating profits of the business and ensuring that a high annual correlation exists between OPAT performance and incentive outcomes.

3. In the event that there is a year-on-year fall in OPAT, mechanisms have been included within the plan to limit the size of the pool until the previous OPAT 'high water mark' has been passed.

Allocation of the PPP

At year end, the pool is allocated based on the relative performance of each division and its individual employees. Divisional allocations and allocations to Specified Executives are subject to the approval of the HRRC and, in the case of the Managing Director, subject to the approval of the board. Incentives are structured in the form of cash, but may also be taken as Perpetual shares.

Under the company's STI plan, the potential exists for an individual's remuneration mix between cash and equity to become unbalanced. To guard against this, any large incentive payments are subject to limits above which amounts are required to be awarded as deferred equity grants (Perpetual shares).

* OPAT is Operating Profit After Tax with the post tax amount of the profit pool added back as well as adjustments for gains/losses on the sale of investments as reported in the accounts, as well as any other items as determined by the HRRC.

A5. Long-term incentives ('LTI')
A key feature of Perpetual's remuneration strategy is to ensure a level of equity participation amongst staff and senior employees that aligns remuneration with shareholder wealth creation. The key principles which underpin LTIs are that:
- LTIs take the form of equity to drive an ownership mindset;
- LTI grants will represent an important and growing proportion of Specified Executives and Specified Director remuneration; and
- sustained performance is encouraged by linking the vesting of LTI awards to hurdles which reflect shareholder wealth creation.

The vehicle chosen for the delivery of the LTI is a blend of performance shares and, in selected cases, performance options. Perpetual's Executive Share Plan ('ESP') and Executive Option Plan ('EOP'), which were approved by shareholders on 21 October 1997 and 20 October 1998 respectively, continue to be the mechanism for the delivery of the LTI programs.

Performance Share Program and Performance Option Program
Overview of Equity Instruments
The following is an overview of the share and option instruments used in these programs.

Performance shares
Performance shares are issued or acquired on market, placed in trust and are subject to forfeiture if the performance hurdles and tenure conditions are not met.

No consideration is required to be paid by employees for the grant of performance shares.

Performance shares may vest to the employee on the third or fourth anniversary of the grant, depending on when and if the performance hurdles have been achieved.

While the shares are held in trust the employee will be the beneficial owner of the shares with full dividend and voting rights.

The Executive Share Plan was approved by shareholders at the 1997 Annual General Meeting and amended in 1999.

Performance options
Options are granted over unissued ordinary shares.

All options are issued with an exercise price at the prevailing market price for Perpetual shares at the time of issue.

Options may vest to the employee on the third or fourth anniversary of the grant, depending on when and if the performance hurdles have been achieved.

On vesting, the employee is free to pay the exercise price and receive the underlying shares.

Options expire after six years from the date of grant.

The Executive Option Plan was approved by shareholders at the 1998 Annual General Meeting.

Overview of Hurdles
The performance hurdles for both the performance share and option programs are directly linked to the performance of the company.

Each grant of performance shares/options is divided into two equal portions, with a different hurdle being applied to each portion as follows:
- the first portion will vest based on the company's Total Shareholder Return ('TSR'), as measured against a comparator group. The comparator group is the S&P/ASX 100 excluding listed property trusts and is determined in conjunction with the timing of each grant of LTI.
- the second portion will vest based on the growth in the company's earnings per share ('EPS').

TSR is defined as share price growth and dividends paid and reinvested on the ex-dividend date (adjusted for rights, bonus issues and any capital reconstructions) measured for the three year period from the initial TSR measurement date.

Performance shares will be held by the trustee for a maximum of ten years from the date of grant, while any options that vest may be exercised up to the sixth anniversary of issue.

Equity-based compensation, both performance shares and performance options, issued prior to 30 June 2003 were not subject to performance hurdles because they were subject to continued employment conditions of the relevant employee.

TSR Hurdle

The TSR hurdle requires that the growth in TSR must be equal to or better than 50 per cent of the comparator group, at which point the sliding vesting schedule outlined below applies.

The TSR vesting schedule is as follows:

Perpetual's growth in TSR relative to the comparator group	Percentage of performance shares and options that will vest
Less than median	Nil
Median	50%
Greater than median but less than the 75th percentile	2% for every one percentile increase in Perpetual's relative position
Greater than 75th percentile	100%

The TSR performance hurdle was chosen as it is widely recognised as one of the best indicators of shareholder wealth creation. The comparator group for TSR purposes has been chosen as it represents the group with whom the company competes for shareholders' capital.

EPS Hurdle

The EPS hurdle requires that the company's EPS growth from the date of grant to date of vesting must be greater than the target set by the HRRC. This target was set by the HRRC and is currently 10 per cent per annum. This target may be reviewed from time to time.

The EPS vesting schedule is as follows:

Perpetual's growth in EPS	Percentage of performance shares and options that will vest
EPS growth less than target	Nil
EPS growth at or above target	100%

The EPS measure was chosen as it provides evidence of the company's growth in earnings.

Hurdle Testing and Re-Testing Guidelines

An initial three year performance testing period will apply to the TSR and EPS portions. Three year TSR and EPS performance is calculated and tested against the TSR and EPS targets on the third anniversary of the date of the grant. If the hurdle is not met, then the hurdle will be tested on the fourth anniversary of the date of the grant, against the four year TSR and EPS targets. If the hurdle is not met after this testing, that portion of the LTI is forfeited.

The method of assessing hurdle achievement involves sourcing TSR data from an external data provider and for EPS hurdles, the extraction of EPS data from the company's audited financial statements.

Termination of employment (both performance shares and options)
If an employee leaves the employment of the company prior to the vesting of any portion of equity, then any unvested equity will be forfeited as at the date of termination, except as noted below:
– if an employee dies or resigns due to total and permanent disability, then all unvested equity will vest to the employee as at the date of death or termination date;
– if an employee is terminated due to redundancy, then the employee will be entitled to that portion of equity which would have vested to them had they remained in employment until the end of the applicable notice and severance period; or
– if an employee resigns having reached normal retirement age, then they will be entitled to that portion of equity which would have vested to them up to and including their termination date.

LTI arrangements for asset management staff based in Australia
As announced on 29 April 2005, a deferred share plan ('DSP') has been established for the purposes of delivering LTIs and retention arrangements for a number of key employees in the company's asset management team. 988,324 ordinary shares having an approximate value of $52.5 million have been issued to the trustee of the DSP. The shares will be held by the trustee and will vest over the long-term subject to the achievement of targets which are predominantly performance-based.

This LTI plan ensures that the interests of the key employees are aligned with those of shareholders over the longer term and provides a strong retention element as employees who cease employment with Perpetual during the vesting period will forfeit any unvested shares.

LTI arrangements for asset management staff based in Ireland
The Perpetual Global Employee Share Trust was established in 2005 so that the asset management team based in Ireland could participate in the Perpetual Global 2005 Growth Incentive Scheme (the 'Growth Incentive Scheme'). 576,712 ordinary shares having an approximate value of $28 million have been issued to the trustee of the Perpetual Global Employee Share Trust.

The Growth Incentive Scheme is a share-based plan and is targeted at key individuals who are pivotal to the long-term success of Perpetual's global strategy. Under this plan, Perpetual shares have been issued to the Growth Incentive Scheme's trustee and will vest over the next seven years provided that agreed revenue targets are achieved. Accordingly, this plan allows the targeted employees to share in the value of the business that they contributed to.

All shares will be subject to a seven year holding lock, which means that even if performance criteria are met before seven years, the shares do not vest until 2011. If a team member resigns or is terminated by Perpetual for poor performance or misconduct prior to this time all unvested shares will be forfeited.

Section B – Remuneration for the Specified Director and Specified Executives

B1. Specified Director
The following person was a Specified Executive Director ('Specified Director') of Perpetual during the financial year:

David Deverall, Chief Executive Officer and Managing Director

B2. Specified Executives
Specified Executives are those persons (other than directors) with the greatest authority for managing and setting the strategic direction of Perpetual and include the five group executives who received the highest remuneration for the 2005 financial year.

The following persons were Specified Executives of Perpetual during the financial year:

Name	Position
Gerard Doherty	Group Executive Wealth Management[1]
Emilio Gonzalez	Chief Investment Officer[1]
Ivan Holyman	Chief Risk Officer[1]
John Nesbitt	Chief Financial Officer[1,2]
Steve Rowe	Group Executive Human Resources (Appointed 17 January 2005)
Phillip Vernon	Group Executive Corporate Trust[1]
Specified Executives who departed during the year or since the end of the year	
Richard Boyer	Group Executive Information Technology (22 April 2005)
Jane Couchman	General Counsel (1 July 2005)
Paul McAuley	Group Executive Human Resources (11 August 2004)

1 The five highest paid officers of the Group during the year ended 30 June 2005
2 Alternate Director for Charles Curran AO, appointed 20 December 2004

B3. Other employee share schemes

In addition to the plans outlined in sections A5 'Long-term Incentives' the company has two further equity-based benefit programs generally available to all Perpetual employees; these are the Tax Exempt Share Plan and the Tax Deferred Share Plan. These two new plans replace the Employee Share Purchase Plan ('ESPP') which is no longer used as the vehicle from which shares are issued to staff. The ESPP made its final issue of shares to Perpetual employees in December 2004.

The ESPP and another inactive plan, the Employee Reward Share Plan, are discussed in note 23 to the financial statements.

Tax Exempt Share Plan ('TESP')

Under the TESP, eligible employees will be able to salary sacrifice up to $1,000 of short-term incentive to acquire an equivalent value of Perpetual shares. These shares cannot be sold or transferred until the earlier of three years after the date of allocation or the time the participant ceases to be an employee of Perpetual. Shares will be acquired in ordinary trading on the Australian Stock Exchange or issued by Perpetual at market value. The Specified Director and Specified Executives are not able to participate in this plan.

Tax Deferred Share Plan ('TDSP')

Under the TDSP, eligible employees will be able to salary sacrifice short-term incentives to acquire an equivalent value of Perpetual shares. Shares will be acquired in the ordinary course of trading on the Australian Stock Exchange. The Specified Director and Executives have the opportunity to participate in this plan. Shares acquired under this plan by the Specified Director and Specified Executives are not subject to performance hurdles because they are acquired on a salary or bonus sacrifice basis at market value.

Dilution Limits for Share Plans

One of the features of Perpetual's remuneration policy is an emphasis on the issue of Perpetual shares with performance hurdles designed to motivate and retain employees, encourage sustained performance and align the interests of employees with those of shareholders. Under Perpetual's remuneration policy, the overall dilution limit for employee incentive plans has been set by the board such that the maximum number of shares and options that can be issued over a ten year period must not exceed 15 per cent of issued share capital. The terms of the Executive Option Plan were amended by the board in August 2005 and the terms of the Executive Share Plan were amended in April 2005 to reflect the increased dilution limit. This allows the board the flexibility to issue shares, in appropriate circumstances, to employees under Perpetual's remuneration policy. The issue of shares will be carefully managed to ensure that company growth remains aligned with shareholder wealth.

B4. Related party disclosures

No Specified Executives nor the Specified Director have entered into a material contract with the company or a member of the consolidated entity since the end of the previous financial year and there were no material contracts involving Perpetual's interests subsisting at the year end.

B5. Remuneration table

Current year executive remuneration disclosures

2004/05	Primary			Post Employment	Equity Compensation[4]		Other benefits			Total
	Cash salary[1]	Bonus[2]	Non-Cash[3]	Superannuation	Shares	Options	Departure[5]	Interest on loan[6]	Insurance[7]	
	$	$	$	$	$	$	$	$	$	$
Specified Director:										
D M Deverall	538,415	1,054,507	-	11,585	480,750	194,520	-	-	3,459	2,283,236
	538,415	**1,054,507**	**-**	**11,585**	**480,750**	**194,520**	**-**	**-**	**3,459**	**2,283,236**
Specified Executives:										
G D Doherty*	438,415	476,540	-	11,585	168,331	256,393	-	2,731	1,553	1,355,548
E Gonzalez*	436,435	489,851	1,980	11,585	265,273	226,455	-	3,016	2,437	1,437,032
I D Holyman*	338,415	243,689	-	11,585	37,279	-	-	-	2,430	633,398
P J Nesbitt*	375,729	422,479	11,020	11,585	163,744	-	-	-	823	985,380
S J Rowe#	117,871	68,851	3,030	5,792	30,705	-	-	-	816	227,065
P A Vernon*	276,030	228,676	35,268	38,702	104,448	23,097	-	2,518	2,742	711,481
Specified Executives who departed during the year or since the end of the year										
R Boyer	182,378	106,894	-	52,830	-	67,570	238,567	1,877	1,750	651,866
J L Couchman	155,886	44,000	-	5,792	15,679	6,725	-	2,485	1,481	232,048
P T McAuley	32,740	-	1,630	2,896	-	-	20,220	1,378	140	59,004
	2,353,899	**2,080,980**	**52,928**	**152,352**	**785,459**	**580,240**	**258,787**	**14,005**	**14,172**	**6,292,822**

* Five highest paid officers for Perpetual Trustees Australia Limited

\# Appointed 17 January 2005

1 Cash salary is the ordinary cash salary received in the year.

2 Bonus payments equate to the best reasonable estimate of the incentive performance bonus, based on available information at year end. Some elements of the incentive bonus cannot be determined until financial information is available for the company's comparator group.

3 Non-cash benefits relate to the salary sacrifice component of remuneration and represents benefits such as motor vehicles and car parks.

4 Equity compensation has been valued using the binomial method which takes into account the performance hurdles relevant to each issue of equity instrument. The value of each equity instrument scheme has been provided by PricewaterhouseCoopers.

5 Departure benefits relate to those elements of remuneration provided to former Specified Executives above their entitlements under the contract of employment.

6 Interest on loans arises from the issue of shares under the ESPP. Refer to table B11.

7 Insurance relates to Salary Continuance and Death and Total and Permanent Disability cover provided as part of the remuneration package. The premium paid for directors and officers' liability insurance has not been allocated to the Specified Director and Specified Executives as the nature of this contract makes it impracticable to do so. The terms of the policy also prohibit disclosure of details of the amount of insurance cover and the premium paid.

B5. Remuneration table (continued)

Prior year comparative executive remuneration disclosures

2003/04		Primary		Post Employment	Equity Compensation[4]		Other benefits			Total
	Cash salary[1]	Bonus[2]	Non-Cash[3]	Superannuation	Shares	Options	Departure[5]	Interest on loan[6]	Insurance[7]	
	$	$	$	$	$	$	$	$	$	$
Specified Director:										
D M Deverall	377,914	710,000	-	8,251	448,052	55,444	-	-	939	1,600,600
G J Bradley	652,971	2,733	3,301	2,750	-	-	800,000	2,490	279	1,464,524
	1,030,885	712,733	3,301	11,001	448,052	55,444	800,000	2,490	1,218	3,065,124
Specified Executives:										
G D Doherty*	439,311	406,281	10,600	11,002	276,107	321,930	-	2,495	1,270	1,468,996
E Gonzalez*	412,991	407,956	18,688	11,002	324,300	274,673	-	3,004	1,214	1,453,828
P A Vernon*	294,588	168,989	20,215	24,293	194,103	30,121	-	2,224	2,483	737,016
R Boyer*	218,798	71,478	-	63,002	34,195	49,472	-	3,374	1,214	441,533
P J Nesbitt	122,629	130,000	3,533	5,498	46,279	-	-	-	405	308,344
P T McAuley	264,005	673	3,960	11,002	13,676	8,667	-	1,624	1,214	304,821
J L Couchman	183,085	62,582	-	11,002	-	8,877	-	2,241	1,214	269,001
I D Holyman	14,982	-	-	2,012	-	-	-	-	53	17,047
M J Stefanovski	208,178	945	-	6,810	48,376	3,321	17,692	2,270	1,350	288,942
R W Mead	104,071	1,788	-	5,468	-	1,363	35,769	2,365	408	151,232
	2,262,638	1,250,692	56,996	151,091	937,036	698,424	53,461	19,597	10,825	5,440,760
Other Executives:										
D C Crowley*	242,559	265,476	-	22,540	83,509	63,896	-	2,170	1,422	681,573

* Five highest paid officers for Perpetual Trustees Australia Limited

1 Cash salary is the ordinary cash salary received in the year.

2 Bonus payments equate to the best reasonable estimate of the incentive performance bonus, based on available information at year end. Some elements of the incentive bonus cannot be determined until financial information is available for the company's comparator group.

3 Non-cash benefits relate to the salary sacrifice component of remuneration and represents benefits such as motor vehicles and car parks.

4 Equity compensation has been valued using the binomial method which takes into account the performance hurdles relevant to each issue of equity instrument. The value of each equity instrument scheme has been provided by PricewaterhouseCoopers.

5 Departure benefits relate to those elements of remuneration provided to the former Specified director and Specified Executives above their entitlements under the contract of employment.

6 Interest on loans arises from the issue of shares under the ESPP. Refer to table B11.

7 Insurance relates to Salary Continuance and Death and Total and Permanent Disability cover provided as part of the remuneration package. The premium paid for directors and officers' liability insurance has not been allocated to the Specified Director and Specified Executives as the nature of this contract makes it impracticable to do so. The terms of the policy also prohibit disclosure of details of the amount of insurance cover and the premium paid.

B6. Remuneration components as a proportion of total remuneration

The proportion of remuneration disclosed in B5 'Remuneration Table' for the 2005 financial year relating to performance is set out in the table below.

Remuneration Components as a Proportion of Total Remuneration	GEC, Superannuation and Fixed Benefits	STI	LTI Equity Remuneration[1]	Total Remuneration
Specified Director:				
D M Deverall	24%	46%	30%	100%
Specified Executives:				
G D Doherty	34%	35%	31%	100%
E Gonzalez	32%	34%	34%	100%
I D Holyman	56%	38%	6%	100%
P J Nesbitt	42%	43%	15%	100%
S J Rowe	56%	30%	14%	100%
P A Vernon	50%	32%	18%	100%
Specified Executives who departed during the year or since the end of the year				
R Boyer	74%	16%	10%	100%
J L Couchman	71%	19%	10%	100%
P T McAuley	100%	-	-	100%

1 LTI equity remuneration represents the proportion of remuneration comprised of options and performance shares. The percentage of remuneration received as options are for D M Deverall (9 per cent), G D Doherty (19 per cent), E Gonzalez (16 per cent), P A Vernon (3 per cent), R Boyer (10 per cent), J L Couchman (3 per cent) and for other Specified Executives (0 per cent).

GEC, Superannuation and Fixed Benefits: This category represents the fixed salary of the Specified Director and Specified Executives that is received each month. In the case of departed Specified Executives, it also includes retirement and termination benefits received in the year.

Short-term Incentives: The short-term incentive received is directly linked to the performance of both the company and the individual Specified Director and Specified Executive. A description of the company's STI policy is set out in section A4.

STIs granted to the Specified Director and Specified Executives of the company are linked to a combination of:

- the overall profit achieved by the company. This performance condition was chosen because it aligns the executive's performance with shareholder interests;
- risk management within the organisation. This performance condition was chosen because it is a key factor in ensuring that shareholder and client interests are safeguarded and that Perpetual remains a trusted brand; and
- development and execution of Perpetual's strategic plan as approved by the board. This performance condition was chosen because it is critical to the continued growth and performance of Perpetual. Perpetual's strategy includes measures around staff engagement which are considered to be strategically significant.

The performance conditions referred to above are assessed by the HRRC in conjunction with the board by comparing actual achievement with set targets.

In the current year, the Specified Director and the Specified Executives who had not departed the company received between 80 per cent and 100 per cent of the possible STI. In the case of Specified Executives that departed the company, an amount of between 0 per cent and 100 per cent of the possible STI was received.

Long-term Incentives: Long-term incentives comprises equity based compensation, either options or performance shares. Details of equity based compensation vesting criteria are set out in section A5.

B7. Value of equity based compensation grants that vest in future years

	Estimates of the maximum and minimum cost in future years of grants of remuneration made by the company					
	30 June 2006		30 June 2007		30 June 2008	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Specified Director:						
D M Deverall	-	668,339	-	303,595	-	-
Specified Executives:						
G D Doherty	-	321,155	-	213,358	-	61,633
E Gonzalez	-	243,875	-	63,360	-	11,634
I D Holyman	-	49,705	-	49,705	-	12,426
P J Nesbitt	-	74,655	-	74,655	-	27,898
S J Rowe	-	57,295	-	31,848	-	14,465
P A Vernon	-	126,207	-	34,482	-	8,119
Specified Executives who departed during the year or since the end of the year						
R Boyer	-	-	-	-	-	-
J L Couchman	-	-	-	-	-	-
P T McAuley	-	-	-	-	-	-

The maximum value of grants of equity based remuneration included in the table above represents the cost to the company of compensation granted in the year ended 30 June 2005 and prior financial years.

B8. Summary of company performance

As previously discussed a new remuneration policy was introduced in 2005 which directly aligns the level of STI paid to executives and staff with the profit growth of the company. The theme of linking remuneration directly to company performance is extended to LTIs granted to executives, as hurdles include either EPS measures or TSR performance targets.

The structuring of the remuneration scheme in this manner ensures there is a direct link between the company's performance and 'at risk' executive remuneration, which is in accordance with good corporate governance practice.

Short-term Incentives ('STI') – link to Company Performance

The bonuses paid to employees are directly linked to the OPAT achieved by the company. As set out in section A4 'Short-term incentives', the Profit Participation Pool ('PPP'), out of which STI amounts are funded, is directly linked to the level of OPAT generated by the company. The HRRC considers that the performance linked remuneration structure adopted by the company is generating an outcome that is directly aligned with the generation of shareholder wealth. This relationship is demonstrated by the five year financial performance of the company set out on the following page.

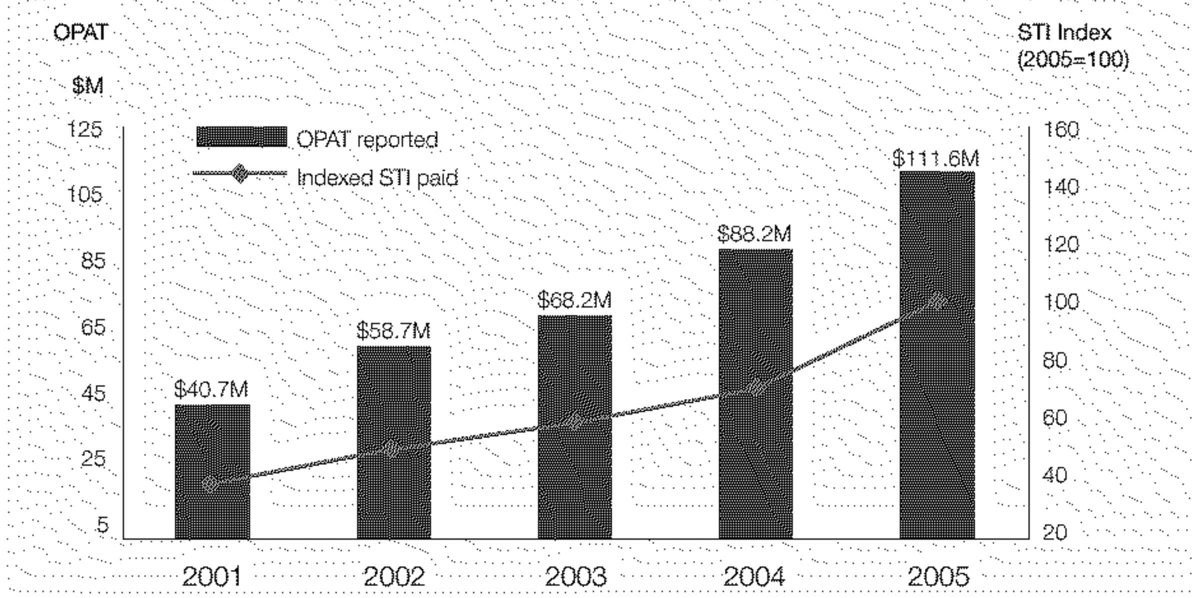
The following table sets out Perpetual's performance over the last five years.

	Year ended				
	30 Jun 01	30 Jun 02	30 Jun 03	30 Jun 04	30 June 05
Net profit after tax reported ($'000's)	54,869	75,584	78,201	90,386	119,522
OPAT reported ($'000's)*	40,700	58,690	68,200	88,239	111,648
Ordinary dividend per share declared with respect to the year ($)	0.85	1.10	1.30	1.50	2.60
Special dividend per share declared with respect to the year ($)	-	0.50	0.50	2.50	1.00
Total dividends ($)	0.85	1.60	1.80	4.00	3.60
Return of capital via share buy back ($'000's)	1,740	3,875	10,170	-	-
Earnings per share – OPAT reported ($)*	1.09	1.55	1.81	2.32	2.89
Closing share price ($)	40.91	42.90	30.70	46.99	57.43

* OPAT is calculated as operating profit after tax excluding gains on sales of investments, sale of building and costs of major strategic initiatives.

The relationship between STI and Perpetual's performance is further demonstrated in the graph below where the relative increase in STI granted to employees is shown against the growth in OPAT.

Short-term incentives and OPAT are highly correlated



Long-term Incentives ('LTI') – link to Company Performance

The vesting of long-term incentives requires the achievement of hurdles of ten per cent EPS growth or Total Shareholder Return amounts equal to or better than 50 per cent of the relevant comparator group. These hurdles are set out in detail in section A5 'Long-term incentives'. These hurdles are also directly aligned with the generation of shareholder wealth.

B9. Contract terms for the Specified Director

David Deverall, CEO and Managing Director

Contract details	David Deverall, CEO and Managing Director
Term of contract	22 September 2003 – 30 June 2007
Fixed remuneration	$550,000 p.a., subject to annual review by the board.
Retention shares – sign on bonus	One-off issue of 23,584 shares under the ESP vesting over three years, equivalent in value to $875,000. These shares are not linked to performance hurdles as they were granted to compensate for benefits foregone as a result of ceasing previous employment.
STI	Short-term incentive of $1.1 million in the event of certain performance hurdles being met and profit increasing by 25 per cent (with adjustments in the event of higher or lower profit outcomes) over the previous financial year. In the event that profit increases by greater than 25 per cent, the board may increase the STI beyond $1.1 million. The financial and non-financial performance measures are set out in section B6. The board may increase this amount for future periods.
Equity instrument/LTI	Currently eligible to receive LTI grants equivalent to $800,000 per annum (or such greater amount as may be determined by the board from year-to-year) over the term of the Service Agreement. The ultimate vesting of these grants will be subject to the achievement of the LTI performance hurdles outlined in section A5.
Termination of employment	**Immediate termination without notice in certain circumstances** STI – entitlements forfeited. Equity Instrument/LTI – shares and options not vested at the termination date are forfeited. **Termination by Perpetual – earlier of 12 months' written notice and balance of contract (or payment in lieu)** STI – pro-rated, based on prior year entitlements. Equity Instrument/LTI – retain vested shares and options or those which would have vested in the period of notice with those shares and options not yet vested continuing to vest for 24 months after termination, subject to achievement of performance hurdles. **Termination by Perpetual due to illness – earlier of 12 months' written notice and balance of contract (or payment in lieu)** STI – pro-rated, based on prior year entitlements. Equity Instrument/LTI – retain vested shares and options or those which would have vested in the notice period with those shares and options not yet vested continuing to vest for 24 months after termination, subject to achievement of performance hurdles. **Termination by Perpetual due to non-performance – earlier of six months' written notice and balance of contract (or payment in lieu)** STI – pro-rated, based on prior year entitlements. Equity Instrument/LTI – retain vested shares and options as at the date of notice, unvested shares and options lapse. **Voluntary termination – earlier of six months' written notice or shorter period as may be agreed** STI – entitlements forfeited. Equity Instrument/LTI – shares and options not vested at the termination date are forfeited.
Mr Deverall's 2006 employment contract terms	All of the above terms have remained unchanged for 2006, other than the short-term incentive which the board has increased to $1.375 million in the event of certain performance hurdles being met and profit increasing by 25 per cent (with adjustments in the event of higher or lower profit outcomes) over the previous financial year. In the event that profit increases by greater than 25 per cent, the board may increase the STI beyond $1.375 million. The financial and non-financial performance measures are set out in section B6.

B10. Contract terms for Specified Executives

A summary of contract terms is set out in the table below.

Specified Executives	Fixed Remuneration[1]	Fixed Remuneration Period
G D Doherty	450,000	1 Sep 04 - 31 Aug 05
E Gonzalez	450,000	1 Sep 04 - 31 Aug 05
I D Holyman	350,000	1 Sep 04 - 31 Aug 05
P J Nesbitt	400,000	1 Sep 04 - 31 Aug 05
S J Rowe[2]	275,000	17 Jan 05 - 31 Aug 05
P A Vernon	350,000	1 Sep 04 - 31 Aug 05
Specified Executives who departed during the year or since the end of the year		
R Boyer	285,000	1 Sep 04 - 31 Aug 05
J L Couchman	250,000	1 Sep 04 - 31 Aug 05
P T McAuley	280,000	1 Sep 04 - 31 Aug 05

1 Annualised fixed remuneration in respect of the 12 months ending 31 August 2005. Fixed remuneration will be renegotiated for a further 12 month period on expiry of current fixed remuneration period.

2 On commencement of employment, S J Rowe received 1,385 Perpetual shares that vest in equal instalments on the first and second anniversary of employment. These shares are not linked to performance hurdles as they were granted to compensate for benefits foregone as a result of ceasing previous employment.

Termination Provisions

Perpetual has entered into an employment contract with each Specified Executive that provides for the payment of benefits where the contract is terminated by Perpetual or by the executive. The contracts do not specify a fixed term and provide for terminations as follows:

- three months' notice or payment in lieu in the event of resignation;
- three months' notice for termination for poor performance (six months for P J Nesbitt);
- termination on notice by Perpetual (other than for poor performance) – notice period of three months plus three weeks per completed year of service up to a maximum of 52 weeks or payment in lieu (P J Nesbitt – 12 months' notice or payment in lieu); and
- immediate termination without notice for misconduct.

LTI entitlements vest as set out in section A5.

B11. Participation in equity programs

Executive Option Plan (EOP) – Overview of the Plan

The EOP was approved at the 1998 Annual General Meeting.

Options are granted over unissued ordinary shares. The exercise price of the options, determined in accordance with the rules of the plan, is based on the weighted average price of Perpetual's shares traded during the five business days preceding the date of granting of the option.

No consideration is payable by the Specified Director or Specified Executives to acquire a grant of options. There are no voting or dividend rights attached to the option or the unissued ordinary share underlying the option.

When exercisable, each option is convertible into one ordinary share of Perpetual Trustees Australia Limited. Options vest at the commencement of the exercise period and all vested options are exercisable. Options expire at the end of the exercise period. There are nil amounts unpaid on the shares issued as a result of the exercise of options.

B11. Participation in equity programs (continued)

The details of the Executive Share Plan and the Executive Option Plan have been outlined at A1 through to A5.

Table B11.1 Option holdings of the Specified Director and Specified Executives

Name	Grant date#	Exercise period	Exercise price $	Held at 1 July 2004	Movement during the year: Granted	Forfeited	Exercised	Held at 30 June 2005	Fair value per option at grant date[1] $	Fair value at exercise/ forfeiture date $
Specified Director										
D Deverall[2]	21 Oct 03	30 Jun 06 - 21 Oct 09	37.10	29,258	-	-	-	29,258	7.58	N/A
	1 Jul 04	1 Jul 07 - 1 Jul 10	47.08	-	29,736	-	-	29,736	9.83	N/A
	19 Oct 04	1 Jul 07 - 1 Jul 10	47.08	-	4,248	-	-	4,248	9.83	N/A
		Aggregate Value		$221,776	$334,063	-	-	$555,839		
Specified Executives										
G Doherty	1 Sep 99	1 Sep 02 - 1 Sep 05^	20.66	3,160	-	-	-	3,160	4.42	N/A
	1 Sep 99	1 Sep 03 - 1 Sep 05^	20.66	3,160	-	-	-	3,160	4.59	N/A
	1 Sep 99	1 Sep 04 - 1 Sep 05*	20.66	3,159	-	-	-	3,159	4.72	N/A
	25 Oct 00	25 Oct 03 - 25 Oct 06^	34.51	3,944	-	-	-	3,944	7.31	N/A
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	3,944	-	-	-	3,944	7.58	N/A
	25 Oct 00	25 Oct 05 - 25 Oct 06	34.51	3,945	-	-	-	3,945	7.79	N/A
	27 Feb 01	27 Feb 04 - 27 Feb 07^	36.90	18,820	-	-	-	18,820	7.29	N/A
	27 Feb 01	27 Feb 05 - 27 Feb 07*	36.90	18,820	-	-	-	18,820	7.52	N/A
	27 Feb 01	27 Feb 06 - 27 Feb 07	36.90	18,820	-	-	-	18,820	7.69	N/A
	31 Oct 01	31 Oct 04 - 31 Oct 07*	38.66	5,030	-	-	-	5,030	7.48	N/A
	31 Oct 01	31 Oct 05 - 31 Oct 07	38.66	5,030	-	-	-	5,030	7.71	N/A
	31 Oct 01	31 Oct 06 - 31 Oct 07	38.66	5,029	-	-	-	5,029	7.87	N/A
	28 Oct 02	28 Oct 05 - 28 Oct 08	32.46	33,333	-	-	-	33,333	6.59	N/A
	28 Oct 02	28 Oct 06 - 28 Oct 08	32.46	33,333	-	-	-	33,333	6.81	N/A
	28 Oct 02	28 Oct 07 - 28 Oct 08	32.46	33,334	-	-	-	33,334	6.98	N/A
		Aggregate Value		$1,351,607	-	-	-	$1,351,607		

* Vested during the year

^ Vested but not exercised at 30 June 2005

\# The grant date disclosed in the table above is determined in accordance with Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.

1 Equity Instruments issued have been valued by PricewaterhouseCoopers using a Binomial Option Pricing model at grant date.

2 Approval for the issue of options to David Deverall was obtained under ASX Listing Rule 10.14 at Perpetual's Annual General Meetings held on 20 October 2003 and 19 October 2004.

Table B11.1 Option holdings of the Specified Director and Specified Executives (continued)

Name	Grant date#	Exercise period	Exercise price $	Held at 1 July 2004	Granted (Movement during the year)	Forfeited	Exercised	Held at 30 June 2005	Fair value per option at grant date‡ $	Fair value at exercise/ forfeiture date $
Specified Executives										
E Gonzalez	1 Sep 99	1 Sep 02 - 1 Sep 05	20.66	1,665	-	-	1,665	-	4.42	41.46
	1 Sep 99	1 Sep 03 - 1 Sep 05	20.66	1,666	-	-	1,666	-	4.59	26.04
	1 Sep 99	1 Sep 04 - 1 Sep 05*	20.66	1,666	-	-	1,666	-	4.72	26.04
	25 Oct 00	25 Oct 03 - 25 Oct 06	34.51	4,025	-	-	4,025	-	7.31	12.19
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	4,025	-	-	4,025	-	7.58	12.19
	25 Oct 00	25 Oct 05 - 25 Oct 06	34.51	4,024	-	-	-	4,024	7.79	N/A
	27 Mar 01	27 Mar 04 - 27 Mar 07	37.91	9,159	-	-	9,159	-	7.44	24.21
	27 Mar 01	27 Mar 05 - 27 Mar 07*	37.91	9,159	-	-	-	9,159	7.67	N/A
	27 Mar 01	27 Mar 06 - 27 Mar 07	37.91	9,159	-	-	-	9,159	7.84	N/A
	31 Oct 01	31 Oct 04 - 31 Oct 07*	38.66	5,030	-	-	5,030	-	7.48	8.04
	31 Oct 01	31 Oct 05 - 31 Oct 07	38.66	5,030	-	-	-	5,030	7.71	N/A
	31 Oct 01	31 Oct 06 - 31 Oct 07	38.66	5,029	-	-	-	5,029	7.87	N/A
	28 Oct 02	28 Oct 05 - 28 Oct 08	32.46	33,333	-	-	-	33,333	6.59	N/A
	28 Oct 02	28 Oct 06 - 28 Oct 08	32.46	33,333	-	-	-	33,333	6.81	N/A
	28 Oct 02	28 Oct 07 - 28 Oct 08	32.46	33,334	-	-	-	33,334	6.98	N/A
		Aggregate Value		$1,119,665	-	-	$188,569	$931,096		
P Vernon	1 Sep 99	1 Sep 04 - 01 Sep 05*	20.66	269	-	-	269	-	4.72	41.46
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	1,368	-	-	1,368	-	7.58	27.61
	25 Oct 00	25 Oct 05 - 25 Oct 06	34.51	1,369	-	-	-	1,369	7.79	N/A
	31 Oct 01	31 Oct 04 - 31 Oct 07*	38.66	1,311	-	-	1,311	-	7.48	23.46
	31 Oct 01	31 Oct 05 - 31 Oct 07	38.66	1,311	-	-	-	1,311	7.71	N/A
	31 Oct 01	31 Oct 06 - 31 Oct 07	38.66	1,311	-	-	-	1,311	7.87	N/A
	28 Oct 02	28 Oct 05 - 28 Oct 08	32.46	3,092	-	-	-	3,092	6.59	N/A
	28 Oct 02	28 Oct 06 - 28 Oct 08	32.46	3,092	-	-	-	3,092	6.81	N/A
	28 Oct 02	28 Oct 07 - 28 Oct 08	32.46	3,093	-	-	-	3,093	6.98	N/A
		Aggregate Value		$115,557	-	-	$21,445	$94,112		

* Vested during the year

\# The grant date disclosed in the table above is determined in accordance with Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.

‡ Equity Instruments issued have been valued by PricewaterhouseCoopers using a Binomial Option Pricing model at grant date.

Table B11.1 Option holdings of the Specified Director and Specified Executives (continued)

Name	Grant date#	Exercise period	Exercise price $	Held at 1 July 2004	Movement during the year Granted	Forfeited	Exercised	Held at 30 June 2005	Fair value per option at grant date[1] $	Fair value at exercise/ forfeiture date $
Specified Executives who departed during or after the year										
R Boyer	1 Sep 99	1 Sep 02 - 1 Sep 05*	20.66	3,227	-	-	3,227	-	4.72	35.74
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	1,610	-	-	1,610	-	7.58	27.24
	25 Oct 00	22 Apr 05 - 21 Apr 06*	34.51	1,610	-	-	-	1,610	7.79	N/A
	31 Oct 01	31 Oct 04 - 31 Oct 07*	38.66	3,366	-	-	3,366	-	7.48	23.09
	31 Oct 01	22 Apr 05 - 21 Apr 06*	38.66	3,366	-	-	-	3,366	7.71	N/A
	31 Oct 01	22 Apr 05 - 21 Apr 06*	38.66	3,367	-	-	-	3,367	7.87	N/A
	28 Oct 02	22 Apr 05 - 21 Apr 06*	32.46	3,906	-	-	-	3,906	6.59	N/A
	28 Oct 02	22 Apr 05 - 21 Apr 06*	32.46	3,906	-	-	-	3,906	6.81	N/A
	28 Oct 02	22 Apr 05 - 21 Apr 06*	32.46	3,908	-	-	-	3,908	6.98	N/A
		Aggregate Value		$197,223	-	-	$52,613	$144,610		
P McAuley	31 Oct 01	31 Oct 04 - 31 Oct 07	38.66	1,446	-	1,446	-	-	7.48	8.54
	31 Oct 01	31 Oct 05 - 31 Oct 07	38.66	1,446	-	1,446	-	-	7.71	8.54
	31 Oct 01	31 Oct 06 - 31 Oct 07	38.66	1,445	-	1,445	-	-	7.87	8.54
		Aggregate Value		$33,337	-	$33,337	-	-		
J Couchman	25 Oct 00	25 Oct 03 - 25 Oct 06	34.51	795	-	-	795	-	7.31	27.61
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	795	-	-	795	-	7.58	27.61
	25 Oct 00	25 Oct 05 - 25 Oct 06	34.51	796	-	-	-	796	7.79	N/A
	28 Oct 02	28 Oct 05 - 28 Oct 08	32.46	1,036	-	-	-	1,036	6.59	N/A
	28 Oct 02	28 Oct 06 - 28 Oct 08	32.46	1,036	-	-	-	1,036	6.81	N/A
	28 Oct 02	28 Oct 07 - 28 Oct 08	32.46	1,035	-	-	-	1,035	6.98	N/A
		Aggregate Value		$39,145	-	-	$11,838	$27,307		

* Vested during the year
# The grant date disclosed in the table above is determined in accordance with Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.

Messrs I Holyman, J Nesbitt and S Rowe do not hold options over Perpetual shares.
1. Equity Instruments issued have been valued by PricewaterhouseCoopers using a Binomial Option Pricing model at grant date.

B11. Participation in equity programs (continued)

Executive Share Plan ('ESP') – Overview of the Plan
The ESP was originally approved by shareholders at the 1997 Annual General Meeting and amended at the 1999 Annual General Meeting.

The issue price of grants of shares is the weighted average of the prices at which Perpetual's shares were traded on the Australian Stock Exchange for the five days up to the date of issue or date of announcement to the market for relevant individuals. The shares are then either purchased on market or issued by the company to satisfy the grants made to executives and held in trust for a maximum of ten years. While shares are held by the trustee, the executives receive dividends and have voting rights. No consideration is actually payable by executives in order to acquire shares under the ESP, although executives can elect to take a portion of their STI in the form of shares under a bonus sacrifice arrangement. Shares acquired via a bonus sacrifice are not subject to performance hurdles as they are acquired in lieu of a cash payment by the company.

Table B11.2 Unvested share holdings of the Specified Director and Specified Executives

Name	Grant date#	Issue price $	Vesting date	Held at 1 July 2004	Movement during the year: Granted	Forfeited	Vested	Held at 30 June 2005	Fair value per share TSR hurdle[1] $	Fair value per share non-TSR hurdle $
Specified Director										
D Deverall[2]	22 Sep 03	37.10	21 Sep 04	7,861	-	-	7,861	-	25.60	37.10
	22 Sep 03	37.10	21 Sep 05	7,861	-	-	-	7,861	25.60	37.10
	22 Sep 03	37.10	21 Sep 06	7,862	-	-	-	7,862	25.60	37.10
	22 Sep 03	37.10	21 Sep 06	7,314	-	-	-	7,314	25.60	37.10
	1 Jul 04	47.08	30 Jun 07	-	7,434	-	-	7,434	32.49	47.08
	19 Oct 04	47.08	30 Jun 07	-	1,062	-	-	1,062	32.49	47.08
Aggregate Value				$1,146,316	$399,992	-	$291,643	$1,254,665		
Specified Executives										
G D Doherty	27 Feb 01	36.90	27 Feb 05	1,355	-	-	1,355	-	N/A	36.90
	27 Feb 01	36.90	27 Feb 06	1,355	-	-	-	1,355	N/A	36.90
	20 Oct 02	32.46	28 Oct 04	4,621	-	-	4,621	-	N/A	32.46
	20 Oct 02	32.46	28 Oct 05	4,621	-	-	-	4,621	N/A	32.46
	20 Oct 02	32.46	28 Oct 06	4,621	-	-	-	4,621	N/A	32.46
	20 Oct 02	32.46	28 Oct 07	4,621	-	-	-	4,621	N/A	32.46
Aggregate Value				$699,990	-	-	$199,997	$499,993		
E Gonzalez	27 Mar 01	37.91	27 Mar 05	1,099	-	-	1,099	-	N/A	37.91
	27 Mar 01	37.91	27 Mar 06	1,099	-	-	-	1,099	N/A	37.91
	28 Oct 02	32.46	28 Oct 04	7,702	-	-	7,702	-	N/A	32.46
	28 Oct 02	32.46	28 Oct 05	7,702	-	-	-	7,702	N/A	32.46
Aggregate Value				$583,340	-	-	$291,670	$291,670		

The grant date disclosed in the table above is determined in accordance with the Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.
1 Certain grants of performance shares contain 50 per cent of the shares with a performance hurdle linked to TSR and 50 per cent of the shares granted with a performance hurdle linked to EPS hurdles. Where applicable the fair value of shares with a TSR performance hurdle are disclosed. The fair value of TSR linked shares is calculated by PricewaterhouseCoopers using the binomial valuation method.
2 Approval for the issue of shares to David Deverall was obtained under ASX Listing Rule 10.14 at Perpetual's Annual General Meetings held on 20 October 2003 and 19 October 2004.

Table B11.2 Unvested share holdings of the Specified Director and Specified Executives (continued)

Name	Grant date#	Issue price $	Vesting date	Held at 1 July 2004	Movement during the year: Granted	Forfeited	Vested	Held at 30 June 2005	Fair value per share TSR hurdle[1] $	Fair value per share non-TSR hurdle $
Specified Executives										
I Holyman	1 Oct 04	49.67	1 Oct 07	-	3,553	-	-	3,553	34.27	49.67
	Aggregate Value			-	$176,478	-	-	$176,478		
J Nesbitt	19 Apr 04	42.77	1 Mar 05	3,039	-	-	3,039	-	N/A	42.77
	19 Apr 04	42.77	19 Apr 07	1,752	-	-	-	1,752	29.51	42.77
	1 Oct 04	49.67	1 Oct 07	-	3,553	-	-	3,553	34.27	49.67
	Aggregate Value			$204,911	$176,478	-	$129,978	$251,411		
S Rowe	17 Jan 05	50.56	17 Jan 06	-	692	-	-	692	34.89	50.56
	17 Jan 05	50.56	17 Jan 07	-	693	-	-	693	34.89	50.56
	17 Jan 05	52.97	17 Jan 08	-	1,662	-	-	1,662	36.55	52.97
	Aggregate Value			-	$158,062	-	-	$158,062		
P Vernon	27 Jun 03	30.79	27 Jun 05	2,030	-	-	2,030	-	N/A	30.79
	27 Jun 03	30.79	27 Jun 06	4,059	-	-	-	4,059	N/A	30.79
	1 Oct 04	49.67	1 Oct 07	-	2,013	-	-	2,013	34.27	49.67
	Aggregate Value			$187,480	$99,986	-	$62,504	$224,962		
Specified Executives who have departed during the year										
J Couchman	1 Oct 04	49.67	1 Oct 2007	-	947	-	-	947	34.27	49.67
	Aggregate Value			-	$47,037	-	-	$47,037		

The grant date disclosed in the table above is determined in accordance with the Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.

1 Certain grants of performance shares contain 50% of the shares with a performance hurdle linked to TSR and 50% of the shares granted with a performance hurdle linked to EPS hurdles. Where applicable the fair value of shares with a TSR performance hurdle are disclosed. The fair value of TSR linked shares is calculated by PricewaterhouseCoopers using the binomial valuation method.

Messrs Boyer and McAuley did not hold unvested shares at the beginning or end of the year.

Table B11.3 Vested Share holdings of the Specified Director and Specified Executives

Name	Balance at the start of the year No. of shares	LTI shares vesting in the year No. of shares	Other changes during the year No. of shares	Balance at the end of the year* No. of shares
Specified Director				
D M Deverall	-	7,861	252	8,113
Specified Executives				
G D Doherty	12,153	5,976	8,161	26,290
E Gonzalez	19,643	8,801	27,236	55,680
I D Holyman	-	-	-	-
P J Nesbitt	-	3,039	-	3,039
S J Rowe	-	-	-	-
P A Vernon	5,651	2,030	(5,651)	2,030
Specified Executives who departed during the year or since the end of the year				
R Boyer	6,820	-	(1,933)	4,887
J L Couchman	644	-	-	644
P T McAuley	1,784	-	-	1,784

*or date of departure for Specified Executives that departed in the year.

Other changes during the year include shares acquired via a bonus sacrifice. In 2005, the following executives sacrificed a portion of their bonus to shares: D M Deverall 15,252 shares (15,000 subsequently disposed of in the year), and G D Doherty 8,161 shares. The 'other changes' for E Gonzalez relate to 27,236 shares acquired as a result of the exercise of employee options (see table B11.1).

B12. Loans to Specified Executives under the ESPP

All Perpetual employees, including Specified Executives but excluding the Specified Director, were eligible to participate in the ESPP (refer to note 23 for details of the operation of this plan). The ESPP no longer operates and no further issues of shares will be made under this plan. Aggregate loans to Specified Executives are set out below.

Name	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged[1] $	Balance at the end of the year $
Specified Executives				
G D Doherty	19,994	-	2,731	17,042
E Gonzalez	22,898	-	3,016	17,992
I D Holyman	-	-	-	-
P J Nesbitt	-	-	-	-
S J Rowe	-	-	-	-
P A Vernon	18,201	-	2,518	15,946
Specified Executives who departed during the year or since the end of the year				
R Boyer	25,447	-	1,877	-
J L Couchman	18,214	-	2,485	15,487
P T McAuley	14,016	-	1,378	-
	118,770			66,467

1 Interest not charged has been calculated at 14.75 per cent on the weighted average loan balance as at 30 June 2005 and 30 June 2004 or, for terminated Specified Executives, on the pro-rata loan balances for the period up to six months from the date of leaving employment. The terms of these loans are discussed in more detail in note 23.

The loans were available to Specified Executives but not to the Specified Director or Non-Executive Directors.

Messrs Holyman, Nesbitt and Rowe had nil loans at the beginning and end of the period.

Section C – Remuneration of Specified Non-Executive Directors

C1. Specified Non-Executive Directors
The following persons were Specified Non-Executive Directors of Perpetual Trustees Australia Limited ('Non-Executive Directors') during the financial year:

Chairman
Charles P. Curran AO, Non-Executive Chairman and Independent Director

Non-Executive Directors
Bonita L. Boezeman AO, Independent Director
Meredith J. Brooks, Independent Director (appointed 15 November 2004)
Warwick G. Kent AO, Independent Director (resigned 31 July 2005)
E. Paul McClintock, Independent Director
Sandra V. McPhee, Independent Director
Linda B. Nicholls, Independent Director
Robert M. Savage, Independent Director
Philip J. Twyman, Independent Director (appointed 15 November 2004)

Directors who retired in the period
Stephen J. Chapman, Deputy Chairman and Independent Director (resigned 29 October 2004)
John S. Curtis, Independent Director (resigned 29 October 2004)

C2. Remuneration policy
The company's remuneration policy for non-executive directors aims to ensure it can attract and retain suitably skilled, experienced and committed individuals to serve on the board.

Total remuneration available to non-executive directors is approved by shareholders, and was last increased in 2004 to $1.75 million. Total fees paid to non-executive directors in 2005 were $1,424,197. Fees exclude amounts accrued under the Directors' Retirement Benefit Scheme which was separately approved by shareholders in 1990 and revised and approved at the Annual General Meeting in 2001.

The HRRC is responsible for reviewing and recommending to the board any changes to board remuneration, taking into account the size and scope of Perpetual's activities, the responsibilities and liabilities of directors and the demands placed upon them. In developing its recommendation, the HRRC takes advice from independent remuneration consultants, including Egan Associates.

Non-executive directors do not receive performance related remuneration and are not entitled to receive performance shares or options over Perpetual shares.

With the exception of the Chairman and Deputy Chairman, non-executive directors receive additional fees for their work on board committees. The fee schedule is shown below.

	2005	2006 Proposed	
		1 Jul 2005	18 Oct 2005
	$	$	$
Chairman	270,000	300,000	385,000
Deputy Chairman*	157,500	-	-
Directors appointed prior to July 1, 2003^	95,000	103,700	140,000
Directors appointed on or after July 1, 2003#	128,000	140,000	140,000
Audit Risk and Compliance Committee Chairman	30,000	30,000	30,000
Audit Risk and Compliance Committee Member	15,000	15,000	15,000
Human Resources and Remuneration Committee Chairman	25,000	25,000	25,000
Human Resources and Remuneration Committee Member	12,500	12,500	12,500
Investment Committee Chairman	25,000	25,000	25,000
Investment Committee Member	12,500	12,500	12,500
Nominations Committee Member	10,000	12,500	12,500

* Following the retirement of Mr Chapman in October 2004, the company no longer has a Deputy Chairman position.

^ Directors appointed prior to 1 July 2003 were members of the Non-Executive Directors Superannuation Fund. In August 2005, the trustee of the fund resolved to discontinue the retirement fund following the retirement of three directors in October 2005. The trustee also resolved to crystalise the benefits for continuing non-executive directors as at 18 October 2005 and transfer those benefits into an appropriate complying superannuation fund. Accordingly, with effect from 18 October 2005 all non-executive directors will receive minimum superannuation guarantee contributions (SGC) only.

These directors are not members of the Non-Executive Directors Superannuation Fund and only receive the required SGC per annum.

C3. Share plan and holdings

In accordance with the company's constitution, non-executive directors are required to acquire a minimum of 500 Perpetual shares on appointment and at least 1,000 shares when they have held office for three years or more.

Under the share purchase plan for non-executive directors that was approved by shareholders on 20 October 1998, non-executive directors may sacrifice up to 50 per cent of their directors' fees to acquire shares in Perpetual. Because shares purchased are on a salary sacrifice basis, performance conditions are not attached to these shares. Shares are purchased on a quarterly basis and disposal is restricted for ten years or until the director retires. Non-executive directors do not receive share options.

Directors' individual shareholdings are set out below.

	Balance at the start of the year, or for directors appointed in the year, the date of appointment	Shares acquired via salary sacrifice during the year#	Other changes during the year	Balance at the end of the year or, for directors who retired in the year, the date of retirement
Directors				
C P Curran	72,718	2,419	-	75,137
B L Boezeman	2,569	85	-	2,654
M J Brooks*	-	-	500	500
W G Kent	10,695	859	-	11,554
E P McClintock	1,500	-	1,000	2,500
S V McPhee	1,000	1,153	-	2,153
L B Nicholls	6,788	859	-	7,647
R M Savage	2,339	429	-	2,768
P J Twyman*	-	585	1,000	1,585
Directors who retired in the period				
S J Chapman	6,344	208	-	6,552
J S Curtis	9,221	-	-	9,221

* Directors appointed in the year

\# Shares are acquired or issued quarterly in arrears

C4. Retirement policy

Directors who have been in office for three years since their last appointment must retire and seek re-election at the company's Annual General Meeting.

In order to revitalise the board, non-executive directors agree not to seek re-election after three terms of three years. The board may invite a non-executive director to continue in office beyond nine years if this would be advantageous for reasons such as board leadership or continuity.

C5. Retirement allowance

Details of the Retirement Scheme

Non-executive directors appointed prior to 1 July 2003 are entitled to retirement benefits under a scheme approved by shareholders in 1990 and revised and approved at the Annual General Meeting in 2001. Benefits are related to years of service and provisions are accrued each year for these entitlements. This Scheme was specifically designed to support the board's retirement policy (see above).

The board discontinued this retirement scheme for new non-executive directors appointed after 1 July 2003.

The retirement allowance is calculated based on the years of service provided to a maximum of fifteen years, in accordance with the following accrual table:

Length of service	Multiple applicable
3 years	1.33 years' fees
6 years	2.67 years' fees
9 years	4 years' fees
12 years	4.5 years' fees
15 years	5 years' fees

Non-executive directors appointed after 1 July 2003 receive increased board fees and superannuation guarantee contributions made on their behalf but do not receive the retirement allowance.

In August 2005, at the recommendation of the board, the trustee of the scheme resolved to discontinue the retirement scheme following the retirement of three directors in October 2005. The trustee also resolved to crystallise the benefits for continuing non-executive directors as at 18 October 2005 and transfer those benefits into an appropriate complying superannuation fund. Accordingly, with effect from 18 October 2005 all non-executive directors will receive minimum superannuation guarantee contributions only.

C6. Related party disclosures

No non-executive directors have entered into a material contract with the company or members of the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at the year end.

As at 30 June 2005, directors held the following shares and options in the company and in registered schemes of the consolidated entity:

	Ordinary shares		Dividends received		Options		Registered scheme interests	
	2005[1]	2004	2005	2004	2005	2004	2005	2004
	No.	No.	$	$	No.	No.	$	$
Directors								
C P Curran	75,137	72,718	299,804	135,448	-	-	944,440	160,960
B L Boezeman	2,654	2,569	10,593	4,777	-	-	451,174	333,675
M J Brooks	500	-	650	-	-	-	-	-
W G Kent	11,554	10,695	44,445	19,275	-	-	920,281	1,289,407
E P McClintock	2,500	1,500	780	750	-	-	-	-
S V McPhee	2,153	1,000	4,895	500	-	-	-	-
L B Nicholls	7,647	6,788	28,426	11,852	-	-	244,931	317,299
R M Savage	2,768	2,339	9,888	3,922	-	-	1,418,751	1,061,948
P J Twyman	1,585	-	650	-	-	-	352,639	-
D M Deverall	39,646	30,898	178,369	37,078	63,242	29,258	-	-
Directors who retired in the period								
S J Chapman	6,552	6,344	17,763	11,008	-	-	-	-
J S Curtis	9,221	9,221	25,819	17,378	-	-	-	-

[1] For directors that retired during the year the ordinary shareholding is stated as at the date of retirement and dividends received is for the period from the beginning of the year until the date of retirement.

C7. Remuneration table

Director's remuneration disclosure

2004/05	Primary	Post employment		Equity Compensation	Other Benefits[2]	Total
	Cash salary $	Superannuation $	Retirement[3] $	Value of shares acquired via salary sacrifice[1,4] $	Insurance[5] $	$
Directors						
C P Curran	135,000	-	228,835	135,000	-	498,835
B L Boezeman	115,189	-	93,928	4,811	-	213,928
M J Brooks	97,465	7,567	-	-	-	105,032
W G Kent	84,391	-	102,462	48,109	-	234,962
E P McClintock	156,415	11,585	-	-	-	168,000
S V McPhee	91,500	11,585	-	64,000	-	167,085
L B Nicholls	73,894	-	94,312	48,109	-	216,315
R M Savage	114,433	-	85,555	24,055	-	224,043
P J Twyman	57,326	7,567	-	40,139	-	105,032
Directors who retired in the period						
S J Chapman	47,990	-	37,942	6,529	-	92,461
J S Curtis	41,538	-	19,816	-	-	61,354
	1,015,141	38,304	662,850	370,752	-	2,087,047

Comparative information

2003/04	Primary	Post employment		Equity Compensation	Other Benefits[2]	Total
	Cash salary $	Superannuation $	Retirement[3] $	Value of shares acquired via salary sacrifice[1,4] $	Insurance[5] $	$
Directors						
C P Curran	109,961	-	215,510	109,961	-	435,432
S J Chapman	97,474	-	104,923	42,476	-	244,873
B L Boezeman	103,204	-	53,305	4,248	-	160,757
J S Curtis	98,406	-	85,649	6,526	-	190,581
W G Kent	62,476	-	61,206	42,476	-	166,158
E P McClintock	31,169	2,750	-	-	-	33,919
S V McPhee	27,292	2,750	-	4,792	-	34,834
L B Nicholls	62,457	-	62,673	42,476	-	167,606
R M Savage	83,714	-	72,968	21,238	-	177,920
	676,153	5,500	656,234	274,193	-	1,612,080

1 Cash salary is the ordinary cash salary. Under a share purchase plan for non-executive directors approved on 20 October 1998, non-executive directors may sacrifice up to 50 per cent of their fees to acquire shares in the company.

2 The directors do not receive any non cash benefits as part of their remuneration other than shares acquired under point 1 above.

3 Amounts shown under 'Retirement' represent the increase in the entitlement accumulating in the year ended 30 June 2005 as outlined at C5.

4 Shares issued as remuneration have been valued and recorded as remuneration as at the date of issue.

5 Directors and officers' liability insurance contracts do not specify premiums paid in respect of individual directors and officers. Information relating to these insurance contracts is set out in the Directors' Report.

C8. Contract terms, terms of engagement and non-executive director responsibilities

	Charles P Curran AO[1] (Chairman)	Bonita L Boezeman AO (Independent Director)	Meredith J Brooks (Independent Director)	Warwick G Kent AO (Independent Director)	E Paul McClintock[2] (Independent Director)	Sandra V McPhee (Independent Director)	Linda B Nicholls (Independent Director)	Robert M Savage[3] (Independent Director)	Philip J Twyman (Independent Director)
Board fees (per annum)	$270,000	$95,000	$128,000	$95,000	$128,000	$128,000	$95,000	$95,000	$128,000
Committee fees (per annum)									
— Audit Risk and Compliance Committee (Chairman)	-	-	-	-	-	-	30,000	-	-
— Audit Risk and Compliance Committee (Member)	-	-	15,000	15,000	15,000	15,000	-	15,000	15,000
— Human Resources and Remuneration Committee (Chairman)	-	-	-	-	-	-	-	25,000	-
— Human Resources and Remuneration Committee (Member)	-	12,500	-	-	-	12,500	-	-	-
— Investment Committee (Chairman)	-	-	-	-	25,000	-	-	-	-
— Investment Committee (Member)	-	12,500	12,500	12,500	-	-	-	-	12,500
— Nomination Committee (Member)	-	-	-	10,000	-	-	-	10,000	-
Appointed	May 90	Aug 96	Nov 04	May 98	Apr 04	Apr 04	Mar 96	Aug 01	Nov 04
Eligible for retirement benefits *	Yes	Yes	No Statutory superannuation only	Yes	No Statutory superannuation only	No Statutory superannuation only	Yes	Yes	No Statutory superannuation only

* Retirement benefits: See section C5 for details of the operation of the retirement allowance scheme and C7 for the accrued value for this year.

1 C P Curran is a member of the Nomination and Human Resources and Remuneration Committees but received nil remuneration with respect to these positions. Mr Curran was also chairman of the Investment Committee but received nil remuneration with respect to this position and retired on 16 November 2004.

2 E P McClintock was appointed as chairman of the Investment Committee on 19 October 2004. Mr McClintock retired as a member of the Audit Risk and Compliance Committee on 14 March 2005.

3 R M Savage was appointed as chairman of the Human Resources and Remuneration Committee on 19 October 2004. Mr Savage retired as a member of the Audit Risk and Compliance Committee on 14 March 2005.

Options

The company issues options under the Executive Option Plan, details of which are provided in notes 23 and 34 to the financial statements.

Total outstanding options issued to executives and other staff as at 30 June 2005 are summarised below:

Number of options on issue	822,961
Weighted average exercise price ($)	34.18
Closing share price – 30 June 2005 ($)	57.43
Exercise price value of options on issue ($'000)	28,126
Market price value of options on issue ($'000)	47,263

The number of options on issue equates to 2.2 per cent of issued capital.

The value of the 33,984 options issued during 2005, valued by the Binomial Option Pricing model, was $334,063. The value of options issued by the company is not reflected in the Statement of Financial Performance.

The dilutive effect of outstanding options on earnings per share is reported in note 9 to the financial statements.

At 30 June 2005, unissued ordinary shares of the company under option, and shares issued as a result of the exercise of options, are shown in note 23 to the financial statements. These options do not entitle the holder to participate in any share issue of the company or any other body corporate.

No options have been exercised or issued since the end of the financial year. As at the date of this report, there were 822,961 options on issue.

There were no amounts unpaid on the shares issued.

Directors' interests

The relevant interest of each director in the share capital of the company shown in the Register of Directors' Shareholdings and the relevant interests of each director in registered schemes of the consolidated entity are set out in note 34 to the financial statements.

Environmental regulation

The consolidated entity acts as trustee or custodian for a number of property trusts, which have significant developments throughout Australia. These fiduciary operations are subject to environmental regulations under both Commonwealth and State legislation in relation to property developments. Approvals for commercial property developments are required by state planning authorities and environmental protection agencies. The licence requirements relate to air, noise, water and waste disposal. The responsible entity or manager of each of these property trusts is responsible for compliance and reporting under the government legislation.

The consolidated entity is not aware of any non-compliance in relation to these licence requirements during the financial year.

Indemnification of directors and officers

The company has resolved to indemnify the current directors and officers of the company against all liabilities to another person (other than the company or a related body corporate) that may arise from their position as directors of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The resolution stipulates that the company will meet the full amount of any such liabilities, including costs and expenses.

Indemnification of directors and officers (continued)
The company's controlled entities have also resolved to indemnify their current directors and officers for all liabilities to another person (other than the company or a related party) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The resolution stipulates that each relevant controlled entity will meet the full amount of any such liabilities, including costs and expenses.

Insurance
In accordance with the provisions of the *Corporations Act 2001*, the company has a directors and officers' liability policy which covers all directors and officers of the company and its controlled entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

Chief Executive Officer's and Chief Financial Officer's Declaration
The Chief Executive Officer and the Chief Financial Officer declared in writing to the board, pursuant to section 295A of the *Corporations Act 2001*, that the financial records of the company for the financial year have been properly maintained, the company's financial reports for the year ended 30 June 2005 comply with accounting standards and present a true and fair view of the company's financial condition and operational results. This statement is required annually.

Non-audit services
During the year KPMG, the company's auditor, has performed certain other services in addition to their statutory duties, for which they were paid $38,080 (2004: $254,332).

The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Risk and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the company and have been reviewed by the Audit Risk and Compliance Committee to ensure that they do not impact the integrity and objectivity of the auditor;
- the non-audit services provided do not undermine the general principle relating to auditor independence as set out in Professional Statement F1 Professional Independence, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is included in the 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 sub-section 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 disclose, 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

David M Deverall
Managing Director

Dated at Sydney 18 August 2005

Lead Auditors' Independence Declaration under section 307C of the *Corporations Act 2001*

To: The directors of Perpetual Trustees Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2005 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Dr Andries B Terblanché
Partner

Dated at Sydney 18 August 2005

Statements of Financial Performance for the year ended 30 June 2005

		Consolidated		Company	
	Note	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Revenue from the provision of services		342,067	295,179	23,383	78,692
Income attributable to unit holders of the Exact Market Cash Fund		161	-	-	-
Investment income		11,452	10,794	170,377	62,628
	2	353,680	305,973	193,760	141,320
Expenses					
Staff related expenses		(137,527)	(104,060)	(4,192)	(41,252)
Occupancy expenses		(9,570)	(5,627)	(4,745)	(4,721)
Administrative and general expenses		(60,298)	(52,709)	(4,846)	(8,500)
Distributions attributable to unit holders of the Exact Market Cash Fund		(161)	-	-	-
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding sales of investments, land and building		146,124	143,577	179,977	86,847
Interest expense		(2,488)	(2,497)	(6)	(30)
Depreciation and amortisation expense	3	(9,560)	(13,176)	(8,855)	(9,339)
Goodwill amortisation expense	3	(3,433)	(3,794)	-	-
		(15,481)	(19,467)	(8,861)	(9,369)
Proceeds from sale of investments, land and building		79,066	11,844	14,182	3,956
Cost of sale of investments, land and building		(42,129)	(9,697)	(8,337)	(2,922)
Profit on disposal of investments, land and building	3 and 4	36,937	2,147	5,845	1,034
Share of net profits of associates accounted for using the equity method	29	788	1,925	-	-
Profit from ordinary activities before income tax expense		168,368	128,182	176,961	78,512
Income tax expense on ordinary activities		(44,023)	(37,796)	(3,055)	(6,058)
Income tax on sale of investments, land and building		(4,823)	-	2,228	-
Income tax expense attributable to profit	4 and 7	(48,846)	(37,796)	(827)	(6,058)
Net profit attributable to members of the parent entity		119,522	90,386	176,134	72,454
Non-owner transaction changes in equity					
Decrease in asset revaluation reserve		-	(715)	-	-
Net exchange difference transferred to foreign currency translation reserve		48	-	-	-
		48	(715)	-	-
Total changes in equity other than those resulting from transactions with owners as owners		119,570	89,671	176,134	72,454
Basic earnings per share – cents per share	9	309.8	237.8		
Diluted earnings per share – cents per share	9	307.0	236.3		

The Statements of Financial Performance are to be read in conjunction with the Notes to the Financial Statements.

Statements of Financial Position as at 30 June 2005

		Consolidated		Company	
	Note	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Current assets					
Cash assets	10	167,891	163,368	97,449	127,922
Receivables	11	81,784	47,874	33,997	20,160
Other financial assets	12	711	485	611	384
Assets held by Exact Market Cash Fund	35	7,694	-	-	-
Prepayments and deferred staff incentives	16	15,544	12,367	13,872	10,738
Total current assets		273,624	224,094	145,929	159,204
Non-current assets					
Receivables	11	6,218	13,603	6,218	13,603
Investments accounted for using the equity method	29	30,771	38,776	-	-
Other financial assets	12	59,448	64,407	210,212	157,238
Property, plant and equipment	13	12,255	34,455	11,141	12,510
Intangibles	14	48,437	51,870	-	-
Deferred tax assets	15	17,600	16,367	17,600	16,367
Deferred staff incentives	16	87,985	11,849	60,550	11,849
Total non-current assets		**262,714**	**231,327**	**305,721**	**211,567**
Total assets		536,338	455,421	451,650	370,771
Current liabilities					
Payables	17	54,253	46,679	44,854	85,914
Amounts payable to unit holders of the Exact Market Cash Fund	35	7,694	-	-	-
Current tax liabilities		17,946	15,596	17,924	15,569
Provisions	19	35,831	26,229	35,539	26,229
Total current liabilities		**115,724**	**88,504**	**98,317**	**127,712**
Non-current liabilities					
Interest-bearing liabilities	18	45,000	45,000	-	-
Deferred tax liabilities		300	364	300	364
Provisions	19	5,314	6,196	3,038	3,907
Total non-current liabilities		**50,614**	**51,560**	**3,338**	**4,271**
Total liabilities		**166,338**	**140,064**	**101,655**	**131,983**
Net assets		**370,000**	**315,357**	**349,995**	**238,788**
Equity					
Contributed equity	20	226,020	132,853	226,020	132,853
Reserves	21	56,600	87,633	11,178	49,354
Retained profits	22	87,380	94,871	112,797	56,581
Total equity		**370,000**	**315,357**	**349,995**	**238,788**

The Statements of Financial Position are to be read in conjunction with the Notes to the Financial Statements.

Statements of Cash Flows for the year ended 30 June 2005

		Consolidated		Company	
	Note	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		376,038	332,630	28,625	98,777
Cash payments in the course of operations		(223,255)	(184,747)	(6,327)	(52,656)
Shares purchased to satisfy long-term staff incentive and retention programs		(213)	(1,462)	(213)	(1,462)
Dividends received		3,020	3,590	163,775	56,766
Interest received		7,232	4,734	5,715	3,869
Borrowing costs paid		(1,751)	(2,425)	334	(30)
Net advances from related entities		-	-	(49,849)	32,071
Income taxes (paid)/refunded		(47,540)	(40,118)	232	(14,433)
Net cash provided by operating activities	31(b)	**113,531**	**112,202**	**142,292**	**122,902**
Cash flows from investing activities					
Payments for property, plant and equipment		(9,268)	(5,707)	(7,891)	(4,984)
Payments for investments		(9,002)	(1,590)	(61,841)	-
Proceeds from sale of non-current assets		90	32	112	5
Advances to associates		-	(1,940)	-	(1,940)
Repayments of advances to associates		5,510	3,973	7,505	3,973
Dividends received from associates		5,786	-	-	-
Proceeds from sale of investments		49,867	11,844	14,181	3,956
Net cash provided by/(utilised in) investing activities		**42,983**	**6,612**	**(47,934)**	**1,010**
Cash flows from financing activities					
Proceeds from issue of shares		6,103	6,633	33,263	6,633
Repayment of borrowings		-	(3,000)	-	(3,000)
Dividends paid		(158,094)	(72,278)	(158,094)	(72,278)
Net cash used by financing activities		**(151,991)**	**(68,645)**	**(124,831)**	**(68,645)**
Net increase/(decrease) in cash held		4,523	50,169	(30,473)	55,267
Cash at the beginning of the financial year		163,368	113,199	127,922	72,655
Cash at the end of the financial year	31(a)	**167,891**	**163,368**	**97,449**	**127,922**

The Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements for the year ended 30 June 2005

Note 1. Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation
The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year. Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(b) Principles of consolidation
The consolidated financial statements of the consolidated entity include the financial statements of the company, being the parent entity, and its controlled entities.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(c) Goodwill – Note 14
Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity. Goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise. The period of amortisation is up to 20 years.

The unamortised balance of goodwill is reviewed at least at each reporting date.

For associates, the consolidated financial statements include the carrying amount of goodwill in the equity accounted investments' carrying amounts.

(d) Revenue recognition – Note 2
Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax ('GST') payable to the taxation authority.

Revenue from fees and commissions
Revenue from fees and commissions is earned from the provision of services to customers outside the consolidated entity. Revenue is recognised when the products or services are provided, or when the fee or commission in respect of services provided is receivable.

Interest income
Interest income is recognised as it accrues taking into account the effective yield of the financial asset.

Note 1. Statement of significant accounting policies (continued)

(d) Revenue recognition – Note 2 (continued)

Sale of non-current assets
The gross proceeds of non-current asset sales are included as revenue of the consolidated entity. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

Other revenue
Revenue recognition policies for other financial assets are described in Accounting Policy Note 1(l).

(e) Loans and borrowing costs – Note 18
Loans are carried on the Statements of Financial Position at their principal amounts.

Borrowing costs include interest, amortisation of discounts relating to borrowings and lease finance charges. Borrowing costs are expensed as incurred.

(f) Foreign currency transactions
Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the Statements of Financial Performance in the financial year in which the exchange rates change.

Translation of controlled foreign operations
The assets and liabilities of foreign operations that are self-sustaining are translated at the rates of exchange ruling at reporting date. Equity items are translated at historical rates. The Statements of Financial Performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal, or partial disposal, of the operations.

The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of, or partially disposed of, is transferred to retained earnings in the year of disposal.

Exchange rates used
The following exchange rates are the main exchange rates used in translating foreign currency transactions, balances and financial statements (expressed in Australian dollars).

	Average 2005	Average 2004	As at 30 June 2005	As at 30 June 2004
Euro	0.5918	-	0.6315	-

(g) Exact Market Cash Fund – Note 35
The Exact Market Cash Fund (the 'fund') is a new product that was established during the financial year ended 30 June 2005 with the purpose of providing an exact return that matches the UBS Bank Bill rate to investors in the fund. The exact return is guaranteed by Perpetual via the use of a total return swap between the 100 per cent owned Perpetual Australia Pty Limited and the fund. National Australia Bank Limited has provided the fund with a guarantee to the value of $20 million to be called upon in the event that Perpetual does not meet its obligations to the fund under the swap agreement.

Note 1. Statement of significant accounting policies (continued)

(g) Exact Market Cash Fund – Note 35 (continued)
Any excess return generated by the fund over the UBS Bank Bill rate is retained by Perpetual as income while any deficit is funded by Perpetual. The difference between the amounts exchanged under the terms of the swap are accrued daily and settled on a net basis monthly. Under Australian GAAP and AIFRS, Perpetual is deemed to control the fund as it retains the residual risks and benefits of the fund through the total return swap. Therefore, the fund is consolidated as part of the Perpetual group. However, as the total return swap is a transaction between Perpetual and the fund, it is eliminated on consolidation.

The assets and liabilities of the fund, which net to zero, are disclosed separately on the face of the Statements of Financial Position and the return generated by the fund and distributions to unit holders are also shown separately on the face of the Statements of Financial Performance.

(h) Income tax – Note 7
The consolidated entity adopts the Income Statements Liability method of tax effect accounting. Income tax expense is calculated on profit from ordinary activities adjusted for permanent differences between accounting and taxable income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the Statements of Financial Position as a deferred tax asset or a deferred tax liability.

Deferred tax assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Deferred tax assets relating to entities with tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

Tax consolidation
The company is the head entity in the tax-consolidated group comprising all the Australian wholly owned subsidiaries set out in note 30. The head entity recognises all of the current and deferred tax assets and liabilities of the tax-consolidated group (after elimination of intra-group transactions).

The tax-consolidated group has entered into a tax sharing and funding agreement, that requires wholly owned subsidiaries to make contributions to the head entity for current tax assets and liabilities and movements in deferred tax balances arising from external transactions during the year.

Under the tax sharing and funding agreement, the contributions are calculated on a 'stand alone basis' so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax sharing and funding agreement are recognised as inter-company assets and liabilities with a consequential adjustment to income tax expense/revenue.

(i) Non-current assets
The carrying amounts of all non-current assets valued on the cost basis are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts, the relevant cash flows have not been discounted to their present value.

Note 1. Statement of significant accounting policies (continued)

(j) Trade debtors – Note 11
Those debtors to be settled within 90 days are carried at amounts due. The collectability of debts is assessed at year end and specific provision is made for any doubtful accounts.

(k) Earnings per share – Note 9
Basic earnings per share ('EPS') is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, by the weighted average number of ordinary shares of the company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

(l) Other financial assets – Note 12
Controlled entities
Investments in controlled entities are carried in the company's Financial Statements at the lower of cost or recoverable amount. Dividends and distributions are brought to account in the Statements of Financial Performance when they are declared by the controlled entities.

Associates
An associate is an entity, other than a partnership, over which the consolidated entity exercises significant influence and where the investment in that entity has not been acquired with a view to disposal in the near future.

In the company's Financial Statements, investments in associates are carried at the lower of cost or recoverable amount. Income from dividends is brought to account in the Statements of Financial Performance as dividends are received.

In the consolidated financial statements, investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's share of the associates' net profit or loss after tax is recognised in the consolidated Statements of Financial Performance after adjustments for: revisions in depreciation of depreciable assets and amortisation of goodwill arising from notional adjustments made as at the date of acquisition; dissimilar accounting policies; and the elimination of unrealised profits and losses on transactions between the associate and any entities in the consolidated entity or another associate of the consolidated entity. Other movements in reserves are recognised directly in consolidated reserves.

Other companies and unit trusts
Investments in other listed and unlisted companies and unit trusts are carried at the lower of cost or recoverable amount. Dividends are brought to account as they are declared. Distributions are brought to account as they are received.

Profits and losses on disposal of long-term investments are transferred to a Capital Profits Reserve.

(m) Property, plant and equipment – Note 13

Acquisition
All assets acquired, including property, plant and equipment and intangibles other than goodwill, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Note 1. Statement of significant accounting policies (continued)

(m) Property, plant and equipment - Note 13 (continued)
The cost of items of property, plant and equipment constructed by the consolidated entity includes the cost of materials and direct labour. The proportion of overheads and other incidental costs directly attributable to its construction are also capitalised to the cost of the property, plant and equipment.

Revaluation
Land and buildings are measured at fair value and are revalued with sufficient regularity to ensure the carrying value does not differ materially from its fair value at the reporting date. Independent valuations are obtained at least every three years. Revaluation increments are recognised in the asset revaluation reserve except for amounts reversing a decrement previously recognised as an expense, which are recognised as revenues. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense. Potential capital gains tax is only taken into account if the asset is held for sale.

Depreciation and amortisation
Items of capitalised software, property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated/amortised using the straight line method over their estimated useful lives.

The depreciation rates used for each class of asset for the current and previous years are as follows:

— Buildings	2.5 per cent
— Plant and equipment	10-27 per cent
— Capitalised software	20-40 per cent

Assets are depreciated or amortised from the date of acquisition or in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Subsequent additional costs
Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset, will flow to the consolidated entity in future years. Where these costs represent separate components, they are accounted for as separate assets and are separately depreciated over their useful lives.

Costs incurred on property, plant and equipment that do not meet the criteria for capitalisation are expensed as incurred.

Operating leases
Operating lease payments are charged as an expense over the term of the lease, on a basis representative of the pattern of benefits to be derived from the lease payments.

Incentives granted to Perpetual on entering a lease agreement are recognised on a straight line basis over the term of the lease.

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term.

(n) Payables - Note 17
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company or consolidated entity. Trade creditors are normally settled within 60 days.

Note 1. Statement of significant accounting policies (continued)

(o) Employee benefits – Note 23

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the year end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay including related on-costs, such as workers compensation insurance and payroll tax.

Long service leave

The provision for non-current employee benefits represents long service leave and comprises the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on employee turnover history and is discounted using the rates attaching to national Government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expense.

Executive option plan

The company granted options to certain employees under executive option plans. Further information is set out in note 23 and the Directors' Report. The costs of administering the schemes are expensed as incurred.

Employee share purchase plan

The company granted interest free loans to certain employees of the company for the acquisition of shares in the company under an employee share purchase plan. Further information is set out in notes 23 and 34 and the Directors' Report.

Superannuation

The company and other controlled entities contribute to a superannuation accumulation fund for employees, and a defined benefits superannuation plan for certain non-executive directors. Contributions are charged against income as they are made. Further information is set out in note 23.

Deferred staff incentives classified as non-current assets - Note 16

The company grants certain employees shares under long-term incentive and retention plans. Under these plans, shares vest with the employees over periods ranging from three to seven years. To satisfy the long-term incentives granted, the company purchases or issues shares under the executive share plans with the cost of the shares purchased or issued being amortised on a straight line basis over the applicable vesting period.

(p) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the Australian Tax Office ('ATO'). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statements of Financial Position.

Cash flows are included in the Statements of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Note 1. Statement of significant accounting policies (continued)

(q) Provisions – Note 19
A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

If the effect is material, a provision is determined by discounting the expected future cash flows (adjusted for expected future risks) required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability, being risk free rates on government bonds most closely matching the expected future payments, except where noted below. The unwinding of the discount is treated as part of the expense related to the particular provision.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the recovery receivable is recognised as an asset when it is probable that the recovery will be received and is measured on a basis consistent with the measurement of the related provision.

In the Statements of Financial Performance, the expense recognised in respect of a provision is presented net of the recovery. In the Statements of Financial Position, the provision is recognised net of the recovery receivable only when the entity:
— has a legally recognised right to set off the recovery receivable and the provision; and
— intends to settle on a net basis, or to realise the asset and settle the provision simultaneously.

Restructuring and employee termination benefits
A provision for restructuring, including employee termination benefits, is only recognised when a detailed plan has been approved and the restructuring or termination benefits have either commenced or been publicly announced, or firm contracts related to the restructuring or termination benefits have been entered into. Costs related to ongoing activities are not provided for. The liabilities for termination benefits that will be paid as a result of these restructurings are included in the provision for employee benefits.

Onerous contracts
A provision for onerous contracts is recognised after impairment losses on assets dedicated to the contract have been recognised and when the expected benefits are less than the unavoidable costs of meeting the contractual obligations. A provision is recognised to the extent that the contractual obligations exceed unrecognised assets.

(r) Dividends – Note 8
A provision for dividends payable is recognised in the reporting period in which the dividends are declared.

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Note 2. Revenue from ordinary activities				
Revenue from operating activities				
Gross revenue from fees and commissions	341,977	295,147	11,966	11,050
Management fees - related parties	-	-	11,306	67,637
Income attributable to unit holders of the Exact Market Cash Fund	161	-	-	-
Investment income				
Dividends:				
— Related parties	-	-	162,267	56,000
— Other parties	3,063	3,229	1,769	925
Interest:				
— Related parties	789	1,046	-	-
— Other parties	6,389	5,866	5,525	5,195
Other investment income	1,189	653	815	508
Revenue from outside operating activities				
Gross proceeds from sale of property, plant and equipment	90	32	112	5
Net foreign exchange gain	22	-	-	-
	353,680	305,973	193,760	141,320
Other revenue from outside operating activities				
Gross proceeds from the sale of investment in Symetry Limited	16,405	-	-	-
Gross proceeds from the sale of land and building	29,200	-	-	-
Gross proceeds from sale of investment portfolio	33,461	11,844	14,182	3,956
Note 3. Profit from ordinary activities before income tax expense				
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	179	280	-	-
— Plant and equipment	5,415	6,100	4,892	5,224
— Capitalised software	3,966	6,796	3,963	4,115
	9,560	13,176	8,855	9,339
Rental charges – operating leases	4,720	4,823	3,426	3,871
Net movements in provision for:				
— Employee entitlements	7,480	2,667	6,553	(910)
— Bad and doubtful debts	(472)	(469)	(472)	(469)
Amortisation of goodwill	3,433	3,794	-	-
Net loss on sale of property, plant and equipment	10	20	293	45
Net foreign exchange loss				
— Borrowings	-	-	1,439	-
— Other	-	-	895	-
Net gain on disposal of investments, land and building				
Sale of investment in Symetry Limited	12,608	-	-	-
Sale of land and building	6,726	-	-	-
Sale of investment portfolio	17,603	2,147	5,845	1,034
	36,937	2,147	5,845	1,034

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Note 4. Individually significant items included in net profit attributable to members of the parent entity				
The following significant revenue and expense items are relevant in explaining the financial performance:				
Profit on disposal of investments, land and buildings				
Profit on sale of the group's investment in Symetry Limited	12,608	-	-	-
Profit on sale of land and building	6,726	-	-	-
Profit on sale of investment portfolio	17,603	2,147	5,845	1,034
Total profit on disposal of investments	36,937	2,147	5,845	1,034
Income tax (expense)/benefit applicable	(4,823)	-	2,228	-
Total profit on disposal of investments after tax	32,114	2,147	8,073	1,034
Global Equities Strategic Initiative	(20,229)	-	(3,829)	-
Income tax benefit applicable	870	-	1,123	-
Global Equities Strategic Initiative after tax	(19,359)	-	(2,706)	-
Write off of fixed assets, recognition of onerous leases and make good amounts associated with the move into a single premises at Angel Place in Sydney	(6,737)	-	(6,737)	-
Income tax benefit applicable	1,856	-	1,856	-
Write off of fixed assets, recognition of onerous leases and make good amounts associated with the move into a single premises at Angel Place in Sydney after tax	(4,881)	-	(4,881)	-
Total individually significant items included in net profit	7,874	2,147	486	1,034

	Wealth Management			Group and	
	Wealth Management*	Global Equities Strategic Initiative	Corporate Trust	Support Services*#	Consolidated
30 June 2005	$'000	$'000	$'000	$'000	$'000
Note 5. Segment information					
Total revenue	283,117	1,963	57,138	11,462	353,680
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding sales of investments, land and building	145,408	(20,130)	30,286	(9,440)	146,124
Depreciation	(5,088)	(99)	(1,252)	(3,121)	(9,560)
Segment result	140,320	(20,229)	29,034	(12,561)	136,564
Interest expense					(2,488)
Goodwill amortisation expense					(3,433)
Profit on disposal of investments, land and building					36,937
Share of net profits of associates					788
Income tax expense					(48,846)
Net profit					119,522
Assets					
Segment assets	176,135	19,254	18,008	292,170	505,567
Equity accounted investments	-	-	-	30,771	30,771
Total assets	176,135	19,254	18,008	322,941	536,338
Total liabilities	(57,951)	(4,069)	(3,287)	(101,031)	(166,338)
Net assets	118,184	15,185	14,721	221,910	370,000
Acquisitions of non-current assets	2,213	223	724	6,108	9,268

	Wealth Management			Group and	
	Wealth Management*	Global Equities Strategic Initiative	Corporate Trust	Support Services*#	Consolidated
30 June 2004	$'000	$'000	$'000	$'000	$'000
Total revenue	245,810	-	49,357	10,806	305,973
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding sales of investment, land and building	115,401	-	25,937	2,239	143,577
Depreciation	(9,809)	-	(1,673)	(1,694)	(13,176)
Segment result	105,592	-	24,264	545	130,401
Interest expense					(2,497)
Goodwill amortisation expense					(3,794)
Profit on disposal of investments, land and building					2,147
Share of net profits of associates					1,925
Income tax expense					(37,796)
Net profit					90,386
Assets					
Segment assets	144,901	-	55,565	216,179	416,645
Equity accounted investments	-	-	-	38,776	38,776
Total assets	144,901	-	55,565	254,955	455,421
Total liabilities	(52,790)	-	(4,773)	(82,501)	(140,064)
Net assets	92,111	-	50,792	172,454	315,357
Acquisitions of non-current assets	1,972	-	503	3,232	5,707

* In the second half of the 2005 financial year, $2,500,000 in costs were transferred to Wealth Management from group and Support Services. These costs formed part of the group and Support Services' EBITDA result disclosed in Perpetual's interim 31 December 2004 financial statements.

Included in group and Support Services' EBITDA is $4,817,000 of costs attributable to the move to a single premises at Angel Place.

Note 5. Segment information (continued)

Services

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

Wealth Management Management and investment of monies on behalf of private, corporate, superannuation and institutional clients.

Corporate Trust The Corporate Trust division provides fiduciary services incorporating safe-keeping and recording of assets and transactions as custodian, trustees, registrar or agent for corporate and financial services clients.

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

Assets

The assets of the consolidated entity are managed largely on a group basis and cannot be fully attributed to an individual segment. Assets have been allocated to segments where practical on a utilisation basis.

Geographical segments

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

	Consolidated		Company	
	2005 $	2004 $	2005 $	2004 $
Note 6. Auditors' remuneration				
Audit Services				
Auditors of the company				
KPMG Australia:				
—Audit and review of the consolidated financial statements	349,000	300,000	349,000	300,000
—Audit and review of managed funds for which the group acts as responsible entity	822,516	624,887	-	-
—Audit services in accordance with regulatory requirements	169,120	151,400	-	20,000
—Other assurance services	135,032	103,350	27,935	3,200
Overseas KPMG firms:				
Audit and review of financial reports	49,089	-	-	-
	1,524,757	1,179,637	376,935	323,200
Other Services				
Auditors of the company				
KPMG Australia:				
—Taxation compliance services and review of constitutions, disclosure documents and tax returns for the group's managed funds	34,130	193,102	-	-
—Tax compliance services in respect of group corporate entities	3,950	61,230	3,950	61,230
Overseas KPMG firms:				
—Tax compliance services in respect of subsidiary entities	-	-	-	-
	38,080	254,332	3,950	61,230
	1,562,837	1,433,969	380,885	384,430

The other services amounts paid to KPMG are in accordance with the company's auditor independence policy as outlined in the Corporate Responsibility Statement of the Annual Report.

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Note 7. Income tax expense				
Prima facie income tax expense calculated at 30% (2004: 30%)				
on the profit from ordinary activities before income tax	50,510	38,455	53,088	23,554
Increase in income tax expense due to:				
Amortisation of goodwill	1,030	1,138	-	-
Assessable capital gains	4,823	-	-	-
Depreciation of buildings	35	60	-	-
Imputation gross-up on dividends received	364	383	227	116
Foreign source loss – effect of lower tax rate	2,870	-	-	-
Foreign source loss not recognised as a deferred tax asset	2,050	-	-	-
Realised foreign exchange loss	-	-	431	-
Income tax expense related to current and deferred tax transactions				
of the wholly-owned subsidiaries in the tax-consolidated group	-	-	48,532	31,426
Other expenditure	770	954	680	705
Consideration paid on utilisation of capital losses of				
controlled entities in tax consolidated group	-	-	332	164
	62,452	40,990	103,290	55,965
Decrease in income tax expense due to:				
Recovery of income tax expense under				
a tax sharing and funding agreement	-	-	48,532	31,426
Share of associates' net profits	236	578	-	-
Non-assessable dividends received from controlled entities				
in tax consolidated group	-	-	48,680	16,800
Franking credits on dividends received	1,214	1,277	755	385
Consideration received from controlled entities on				
utilisation of capital losses	-	-	2,517	366
Accounting profit on investments, land and building:				
—Recoupment of capital losses not previously brought to account	4,218	202	1,753	202
—Non-assessable gain on sale of investments, land and building	6,863	442	-	108
Sundry items	270	297	86	276
	12,801	2,796	102,323	49,563
Income tax expense on operating profit before individually				
significant income tax items	49,651	38,194	967	6,402
Less: Income tax over provided in prior year	(805)	(398)	(140)	(344)
Income tax expense attributable to profit	**48,846**	**37,796**	**827**	**6,058**

At 30 June 2005, the consolidated entity had carried forward foreign tax losses of $16,398,000 (2004: $nil) of which the tax benefit at 12.5 per cent of $2,050,000 (2004: $nil) was not recognised in the Statement of Financial Position.

A reconciliation of the capital losses of the consolidated entity is set out below:	Consolidated	
	2005	2004
	$'000	$'000
Capital losses as at 1 July 2004	8,371	78
Capital losses arising on entering tax consolidation	-	8,621
Adjustment to estimated prior year capital losses	5,688	345
Recoupment of capital losses	(14,059)	(673)
Capital losses as at 30 June 2005	-	8,371

Note 8. Dividends

(a) Dividends paid

Dividends recognised in the current financial year by the company are:

	Cents per share	Total amount $'000	Franked/ unfranked	Date of payment
2005				
Final 2004 ordinary	80	30,645	franked	17 Sep 2004
Special 2004 ordinary	200	76,612	franked	17 Sep 2004
Interim 2005 ordinary	130	50,837	franked	18 Mar 2005
Total amount	410	158,094		
2004				
Final 2003 ordinary	70	26,497	franked	3 Sep 2003
Interim 2004 ordinary	70	26,669	franked	19 Mar 2004
Special 2004 ordinary	50	19,112	franked	23 Jun 2004
Total amount	190	72,278		

Franked dividends declared or paid during the year were franked at a tax rate of 30 per cent.

(b) Subsequent events

Since the end of the financial year, the directors declared the following dividend:

	Cents per share	Total amount $'000	Franked/ unfranked	Date of payment
Final 2005 ordinary	130	52,153*	franked	12 Sep 2005
Final 2005 special dividend	100	40,118*	franked	12 Sep 2005
	230	92,271		

*Calculation based on the ordinary shares on issue as at 31 July 2005.

The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2005 and will be recognised in subsequent financial reports.

	Company 2005 $'000	2004 $'000
(c) Dividend franking account		
30% franking credits available to shareholders for subsequent financial years	51,189	64,886

The above available amounts are based on the balance of the dividend franking account at year end, adjusted for franking credits which will arise from the payment of income tax provided for in the financial statements and excluding the effect of both the 2005 final ordinary and 2005 special dividends.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

	Consolidated	
	2005 Cents per share	2004 Cents per share
Note 9. Earnings per share		
Basic earnings per share	309.8	237.8
Diluted earnings per share	307.0	236.3

The diluted EPS is calculated by adjusting the basic EPS for 'Potential ordinary shares'. A potential ordinary share includes any issued security which potentially converts into an ordinary share or results in the calling of or subscription for ordinary share capital. In Perpetual's case, potential ordinary shares consist solely of options granted to employees.

	Consolidated	
The following reflects the income and share data used in calculating basic and diluted earnings per share:	2005 $'000	2004 $'000
Net profit, used in calculating basic and diluted earnings per share	**119,522**	90,386

	Consolidated	
	2005 No. of shares	2004 No. of shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	38,580,753	38,005,936
Effect of dilutive securities:		
Share options	345,972	249,256
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	**38,926,725**	38,255,192

Subsequent to reporting date, no ordinary shares were issued as the result of the exercise of options.

Classification of securities as potential ordinary shares

Share options included in the diluted earnings per share calculation are options outstanding under the Executive Option Plan.

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Note 10. Cash assets				
Cash	14,912	633	6,316	362
Deposits at call	150,079	162,735	91,133	127,560
short-term deposits	2,900	-	-	-
	167,891	163,368	97,449	127,922

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

Short-term deposits represent investments in the Perpetual Credit Income Fund. This fund is a Standard & Poor's A-rated fund that invests in high grade credit products with the intention of generating a return in excess of the UBS Bank Bill Index and are generally available at seven days' notice.

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Note 11. Receivables				
Current				
Trade debtors	49,141	45,418	2,194	2,504
Less: Provision for doubtful debts	(209)	(681)	(209)	(681)
	48,932	44,737	1,985	1,823
Other debtors	3,652	3,137	2,220	1,595
Proceeds on the sale of land and building	29,200	-	-	-
Loans to controlled entities	-	-	29,792	16,742
	81,784	47,874	33,997	20,160
Non-current				
Loans to associates*	6,218	13,603	6,218	13,603

* The majority of non-current loans to associates is comprised of a subordinated loan to ASX Perpetual Registrars Limited.

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Note 12. Other financial assets				
Current				
Government, municipal and other public securities:				
Listed on prescribed stock exchanges – at cost	100	100	-	-
Secured loans*	611	385	611	384
	711	485	611	384
Total market value of short-term investments listed on prescribed stock exchanges:				
Government securities	100	100	-	-
Non-current				
Shares in controlled entities	-	-	144,307	110,072
Unlisted units in controlled entities	-	-	-	2,000
	-	-	144,307	112,072
Shares in associates	-	-	12,927	12,927
Shares in other corporations:				
Listed on prescribed stock exchange^	22,375	35,917	24,976	11,750
Investments in unlisted unit trusts	33,637	24,151	24,607	16,192
	56,012	60,068	49,583	27,942
Government, municipal and other public securities:				
Listed on prescribed stock exchanges - at cost	142	142	100	100
Secured loans*	3,294	4,197	3,295	4,197
	3,436	4,339	3,395	4,297
	59,448	64,407	210,212	157,238
Total market value of investments listed on prescribed stock exchanges:				
Shares	60,926	75,566	43,448	24,862
Government securities	142	142	100	100
	61,068	75,708	43,548	24,962
Total market value of investments in unlisted unit trusts	50,725	33,955	43,933	24,155

* Secured loans represent employee share purchase loans to 587 employees under the ESPP.

^ Includes $2,380,004 (2004: $2,943,000) of shares with a market value of $7,821,931 (2004: $8,122,000) that are held in a Reserve Fund by a controlled entity.

The *Trustee Companies Act 1984 (Victoria)* requires that a Reserve Fund be provided, the value of which shall be not less than one half of a percentum of trust estates in Victoria. In the event of the appointment of a liquidator, a receiver, a receiver and manager or an official manager of a trustee company, monies in its Reserve Fund are available for the payment of sums due from the trustee company in accordance with section 39(3) of the above Act. Pursuant to section 38 of the above Act, the company may otherwise provide for the Reserve Fund by appropriating other funds available in any manner in which trust monies may be invested by a trustee under the *Trustee Act 1958 (Victoria)*.

	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Note 13: Property, plant and equipment				
Freehold land and buildings				
At directors' valuation 2004*^	-	20,200	-	-
At cost	-	55	-	-
Accumulated depreciation	-	(55)	-	-
	-	20,200	-	-
Plant and equipment – at cost	38,282	49,770	31,438	36,416
Accumulated depreciation	(33,754)	(41,929)	(28,018)	(30,306)
	4,528	7,841	3,420	6,110
Capitalised software – at cost	33,226	30,474	17,724	14,972
Accumulated amortisation	(29,579)	(25,614)	(14,080)	(10,117)
	3,647	4,860	3,644	4,855
Project work in progress – at cost	4,080	1,554	4,077	1,545
	12,255	34,455	11,141	12,510

* The directors' valuation (2004) was based on an independent valuation carried out as at 30 June 2004 by Jones Lang La Salle and was on the basis of the open market value of the property. The directors considered that basis provided a reasonable estimate of the fair value at that time.

^ A binding sale contract was entered into by Perpetual for the sale of Hunter Street premises on 11 March 2005.

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Freehold land and buildings $'000	Plant and equipment $'000	Capitalised software $'000	Project work in progress $'000	Total $'000
Consolidated					
Balance as at 1 July 2004	20,200	7,841	4,860	1,554	34,455
Additions	73	2,710	102	6,383	9,268
Transfers from work in progress	505	701	2,651	(3,857)	-
Depreciation and amortisation*	(179)	(5,415)	(3,966)	-	(9,560)
Disposals	(20,599)	(1,309)	-	-	(21,908)
Balance as at 30 June 2005	-	4,528	3,647	4,080	12,255
Company					
Balance as at 1 July 2004	-	6,110	4,855	1,545	12,510
Additions	8	1,624	101	6,158	7,891
Transfers from work in progress	272	703	2,651	(3,626)	-
Depreciation and amortisation	-	(4,892)	(3,963)	-	(8,855)
Disposals	(280)	(125)	-	-	(405)
Balance as at 30 June 2005	-	3,420	3,644	4,077	11,141

* Includes the write down of assets associated with the move to a single premises.

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Note 14. Intangibles				
Goodwill – at cost	68,687	68,687	-	-
Accumulated amortisation	(20,250)	(16,817)	-	-
	48,437	51,870	-	-
Note 15. Deferred tax assets				
Deferred tax assets comprise the estimated deferred asset at the applicable rate of 30% (2004: 30%) on the following items:				
Provisions and accrued employee entitlements not currently deductible	15,154	14,680	15,154	14,680
Difference in depreciation and amortisation of property, plant and equipment for accounting and income tax purposes	2,193	1,687	2,193	1,687
Unrealised foreign exchange loss	253	-	253	-
	17,600	16,367	17,600	16,367
Note 16. Prepayments and deferred staff incentives				
Current				
Prepayments	7,370	6,314	5,698	4,685
Deferred staff incentives	8,174	6,053	8,174	6,053
	15,544	12,367	13,872	10,738
Non-current				
Deferred staff incentives	87,985	11,849	60,550	11,849
Note 17. Payables				
Trade creditors	52,051	43,978	7,545	10,116
Other creditors and accruals	2,202	2,701	1,076	2,618
Amounts owing to controlled entities	-	-	36,233	73,180
	54,253	46,679	44,854	85,914
Note 18. Non-current interest-bearing liabilities				
Fixed rate bill facilities	45,000	45,000	-	-

See notes 24 and 25 for additional information.

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Note 19. Provisions				
Current				
Employee benefits	29,686	22,751	29,394	22,751
Restructuring provision	-	1,088	-	1,088
Onerous leases and make good	4,464	-	4,464	-
Other	1,681	2,390	1,681	2,390
	35,831	26,229	35,539	26,229
Non-current				
Employee benefits	1,884	1,339	1,249	1,339
Internal insurance and claims provision	3,358	3,937	1,717	1,648
Other	72	920	72	920
	5,314	6,196	3,038	3,907

The number of full time equivalent employees at 30 June 2005 was 869 (2004: 813).

Reconciliations

Reconciliations of the carrying amounts of each class of provision are set out below:

	Consolidated 2005	Consolidated 2004	Company 2005	Company 2004
Employee benefits – current				
Carrying amount at beginning of year	22,751	24,649	22,751	21,072
Adjustments to provision estimates	24,110	13,165	23,818	16,742
Payments made during the year	(17,175)	(15,063)	(17,175)	(15,063)
Carrying amount at end of year	29,686	22,751	29,394	22,751
Restructuring Provision				
Carrying amount at beginning of year	1,088	2,468	1,088	2,468
Adjustment to provision estimates	(434)	(1,237)	(434)	(1,237)
Payments made during the year	(654)	(143)	(654)	(143)
Carrying amount at end of year	-	1,088	-	1,088
Onerous leases and make good				
Carrying amount at beginning of year	-	-	-	-
Provisions made during the year	4,938	-	4,938	-
Payments made during the year	(474)	-	(474)	-
Carrying amount at end of year	4,464	-	4,464	-
Other – current				
Carrying amount at beginning of year	2,390	1,812	2,390	1,793
Adjustment to provision estimates	(18)	578	(18)	597
Payments made during the year	(691)	-	(691)	-
Carrying amount at end of year	1,681	2,390	1,681	2,390
Employee benefits – non-current				
Carrying amount at beginning of year	1,339	1,574	1,339	1,574
Adjustments to provision estimates	545	(235)	(90)	(235)
Payments made during the year	-	-	-	-
Carrying amount at end of year	1,884	1,339	1,249	1,339
Internal insurance and claims provision				
Carrying amount at beginning of year	3,937	7,957	1,648	5,741
Adjustments to provision estimates	(49)	(3,459)	224	(4,027)
Payments made during the year	(530)	(561)	(155)	(66)
Carrying amount at end of year	3,358	3,937	1,717	1,648
Other – non-current				
Carrying amount at beginning of year	920	1,771	920	1,771
Payments made during the year	(848)	(851)	(848)	(851)
Carrying amount at end of year	72	920	72	920

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Note 20. Contributed equity				
Share capital				
40,117,599 (2004: 38,236,160) ordinary shares, fully paid	226,020	132,853	226,020	132,853

		2005		2004	
Movements in shares on issue	Note	Number of shares	$'000	Number of shares	$'000
Balance at beginning of year		38,236,160	132,853	37,847,187	122,316
Shares issued:					
Executive share plans	23	1,680,526	86,242	45,948	1,743
Exercise of staff options	23	186,696	6,103	305,860	7,228
Employee share plans	23	14,217	822	37,165	1,566
Balance at end of year		40,117,599	226,020	38,236,160	132,853

Note 23 provides details of shares issued on exercise of options.

Shares issued under the executive and employee share plans were issued at market value.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time. In the event of winding up of the company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any surplus capital.

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Note 21. Reserves				
General	103	103	-	-
Asset revaluation[1]	-	6,378	-	3,105
Capital profits[2]	38,492	63,195	11,178	46,249
Capital reserve[3]	17,957	17,957	-	-
Foreign currency translation[4]	48	-	-	-
	56,600	87,633	11,178	49,354

1 The Asset Revaluation Reserve represents the increment of land and buildings and other non-current assets over cost.

2 The Capital Profits Reserve represents profits and losses on the disposal of long-term equity investments and land and buildings.

3 The Capital Reserve of $17,957,000 represents the increase in the consolidated entity's share of the net assets of an associated entity.

4 The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation. Refer to accounting policy note 1(f).

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Note 21. Reserves (continued)					
Movements during the year					
Asset revaluation					
Balance at beginning of year		6,378	7,093	3,105	3,105
Less: Revaluation of land and buildings		-	(715)	-	-
Less: Transfer to distributable reserves on sale of land and building		(6,378)	-	(3,105)	-
Balance at end of year		**-**	**6,378**	**-**	**3,105**
Capital profits					
Balance at beginning of year		63,195	61,048	46,249	45,215
Add: Transfer from asset revaluation reserve		6,378	-	3,105	-
Add: Transfer from retained profits		32,114	-	8,073	-
Less: Transfer to retained profits		(63,195)	2,147	(46,249)	1,034
Balance at end of year		**38,492**	**63,195**	**11,178**	**46,249**
Foreign currency translation					
Exchange difference on net investment in foreign operations and related hedges					
—gross		(837)	-	-	-
—related income tax effect		254	-	-	-
		(583)	-	-	-
Net translation adjustment		631	-	-	-
Balance at end of year		**48**	**-**	**-**	**-**
Total transfer (to)/from retained profits		(63,195)	2,147	(46,249)	1,034
Total movements in reserves		**(31,033)**	**1,432**	**(46,249)**	**1,034**

Note 22. Retained profits

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Retained profits at the beginning of the financial year		94,871	78,910	56,581	57,439
Net profit attributable to members of the parent entity		119,522	90,386	176,134	72,454
Dividends	8	(158,094)	(72,278)	(158,094)	(72,278)
Transfer to capital profits reserve		(32,114)	-	(8,073)	-
Transfer from capital profits reserve	21	63,195	(2,147)	46,249	(1,034)
		87,380	**94,871**	**112,797**	**56,581**

Note 23. Employee benefits

(a) Aggregate liability for employee benefits, including on-costs

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000	Company 2005 $'000	Company 2004 $'000
Current:					
Employee benefits provision	19	29,686	22,751	29,394	22,751
Non-current:					
Employee benefits provision	19	1,884	1,339	1,249	1,339
		31,570	**24,090**	**30,643**	**24,090**

The non-current portion of the long service leave provision has been discounted using a rate of 5.24 per cent.

Note 23. Employee benefits (continued)

b) Equity-based plans

(i) Option plans

The company has an executive option plan which was approved at the 1998 annual general meeting. Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the rules of the plan, is based on the weighted average price of the company's shares traded during the five business days preceding the date of granting the option.

Options generally expire on the earlier of the expiry date or termination of the employee's employment. There are no voting or dividend rights attached to the option nor the unissued ordinary share underlying the option.

A summary of options over un-issued ordinary shares is set out below:

				Movement in number of options on issue							
Grant date	Exercise date	Expiry date	Exercise price	1 July 2004	Issued	Lapsed/ forfeited	Exercised[3,4]	30 June 2005	No. of options vested	Proceeds received $'000[1]	Fair value per share
Oct 99	Oct 02	Oct 04	$21.84	-	-	-	-	-	-	-	-
Oct 99	Oct 02	Oct 04	$20.05	20,000	-	-	20,000	-	-	401	46.70
Sep 99	Sep 02[2]	Sep 05	$20.66	23,252	-	-	13,773	9,479	-	285	56.11
Oct 00	Oct 03[2]	Oct 06	$34.51	76,845	-	6,944	36,625	33,276	-	1,264	58.72
Jul 00	Jul 03[2]	Jul 06	$27.68	18,064	-	-	18,064	-	-	500	46.80
Jan 01	Jan 04[2]	Jan 07	$31.67	13,595	-	2,193	9,648	1,754	-	305	62.45
Jan 01	Jan 04[2]	Jan 07	$33.66	22,555	-	-	11,277	11,278	-	380	60.74
Feb 01	Feb 04[2]	Feb 07	$36.90	56,460	-	-	-	56,460	-	-	-
Mar 01	Mar 04[2]	Mar 07	$37.91	43,304	-	-	14,434	28,870	-	547	52.34
Aug 01	Aug 04[2]	Aug 07	$38.66	2,587	-	-	862	1,725	-	33	50.11
Oct 01	Oct 04[2]	Oct 07	$38.66	183,649	-	17,450	57,424	108,775	-	2,220	58.36
Mar 02	Oct 04[2]	Oct 07	$44.59	1,874	-	-	625	1,249	-	27	60.74
Dec 01	Dec 04[2]	Dec 07	$38.66	2,586	-	-	1,724	862	-	67	62.12
Oct 02	Oct 05[2]	Oct 08	$32.46	301,837	-	-	2,240	299,597	-	73	46.70
Dec 02	Dec 05[2]	Dec 08	$31.03	200,000	-	-	-	200,000	-	-	-
Feb 03	Feb 06[2]	Feb 09	$29.88	6,394	-	-	-	6,394	-	-	-
Oct 03	Jun 06[4]	Oct 09	$37.10	29,258	-	-	-	29,258	-	-	-
Jul 04	Jun 07[4]	Jul 10	$47.08	-	33,984	-	-	33,984	-	-	-
				1,002,260	33,984	26,587	186,696	822,961	-	6,102	-

1 Amount recognised in the financial statements of the company in relation to executive share options exercised during the current financial year.

2 One third of this class of option can be exercised on this date, a further third one year from this date and the last third can be exercised two years from this date.

3 In certain extraordinary circumstances, at the discretion of the Human Resources and Remuneration Committee, options can be exercised prior to their earliest exercise date.

4 This option class will vest on the third anniversary of the date of grant subject to the achievement of performance hurdles.

The fair value of shares, issued as a result of options being exercised, is the market price of the company's shares as quoted on the Australian Stock Exchange Limited ('ASX') on the date the options are exercised.

Note 23. Employee benefits (continued)

(b) Equity-based plans (continued)

(ii) Executive Share Plan ('ESP')

The ESP was approved by shareholders at the company's Annual General Meeting (AGM) in 1997 and was amended at the 1999 AGM.

The ESP forms part of the structure for short and long-term variable remuneration components paid to employees. Grants under the plan for short-term performance are made on achievement of specific performance goals whilst long-term grants vest after periods of between three and five years after the date of grant.

The issue price of grants of shares is the weighted average of the prices at which shares were traded on the ASX for the five days up to the date of issue. Shares are either purchased on market or issued by the company to satisfy the grants made to employees.

While shares are held by the ESP the employees receive dividends and have voting rights.

(iii) Employee Share Purchase Plan ('ESPP')

The Perpetual ESPP issued 14,217 shares during the year in order to satisfy the current year invitation. The shares were granted to the 469 employees participating at $57.85 per share. The invitation was open to employees who commenced permanent employment with Perpetual prior to 1 June 2004 with an offer to purchase a minimum of $1,000 worth of shares and a maximum of $4,000 worth of shares. The issue price was the weighted average of the prices at which shares were traded on the ASX for the five days up to the date of issue. An interest free loan, for a period not exceeding ten years, was made available by the company to the eligible employees to enable the purchase. This plan was discontinued on 10 December 2004 and no further issues under this plan will be made.

(iv) Employee Reward Share Plan ('ERSP')

The ERSP enables the company to offer employees $1,000 worth of shares that vest immediately at no cost to the employee in recognition of their contribution to Perpetual's performance over the previous financial year. This plan was first activated in 2002 to acknowledge the contribution by staff to the financial results of the company in the 2002 financial year. No shares have been issued under this scheme since that year.

(v) The Tax Exempt Share Plan ('TESP')

Under the TESP, eligible employees will be able to salary sacrifice up to $1,000 of short-term incentive to acquire an equivalent value of Perpetual shares. These shares cannot be sold or transferred until the earlier of three years after the date of allocation or the time the participant ceases to be an employee of Perpetual. Shares will be acquired in the ordinary course of trading on the ASX or issued by Perpetual. The Specified Director and Specified Executives are not eligible to participate in this plan.

(vi) The Tax Deferred Share Plan ('TDSP')

Under the TDSP, eligible employees will be able to salary sacrifice short-term incentives to acquire an equivalent value of Perpetual shares. Shares will be acquired in the ordinary course of trading on the ASX. The Specified Director and Specified Executives have the opportunity to participate in this plan. Shares acquired under this plan by the Specified Director and Specified Executives are not subject to performance hurdles because they are acquired on a salary or bonus sacrifice basis.

(vii) Deferred Share Plan ('DSP')

The DSP forms part of the structure for short-term and long-term variable remuneration components paid to eligible employees of the Australian business. Grants under the plan vest subject to the achievement of specific performance hurdles. The issue price of grants is the weighted average of the prices at which shares traded on the ASX for the five days up to the date of issue. Shares are either purchased on market or issued by the company to satisfy grants made to eligible employees. While shares are held by the DSP eligible employees receive dividends and have voting rights.

Note 23. Employee benefits (continued)

(b) Equity-based plans (continued)

(viii) Global Employee Share Trust ('GEST')

The GEST forms part of the structure for long-term variable remuneration components paid to eligible employees of the global equities business. The issue price of grants is the weighted average of the prices at which shares traded on the ASX for the five days prior to the date of grant of shares. Shares are either purchased on market or issued by the company to satisfy grants made to eligible employees.

Dividends paid on shares held by the GEST are retained in the GEST for the benefit of the employee until shares vest with the employee, at which time the dividend accumulated is distributed to the employee. Voting rights attached to unvested shares that are held in the GEST are exerciseable by the trustee of the GEST.

(ix) Details of the movement in employee shares

Details of the movement in employee shares under the ESP, DSP and GEST are presented below:

Grant date	Opening balance No.	Granted No.	Vested No.	Forfeited No.	Closing balance No.	Grant fair value $	Vesting fair value $	Vesting date
Dec 00	27,057	-	10,000	-	17,057	33.66	62.90	Dec 04
Feb 01	2,710	-	1,355	-	1,355	36.90	61.75	Feb 05
Mar 01	2,198	-	1,099	-	1,099	37.91	57.31	Mar 05
Oct 01	3,195	-	323	130	2,742	38.66	55.70	Oct 04
Dec 01	2,586	-	862	-	1,724	38.66	58.00	Dec 04
Apr 02	2,140	-	-	-	2,140	44.59	N/A	N/A
Oct 02	244,544	-	28,648	-	215,896	32.46	55.08	Oct 04
Dec 02	410,950	-	105,315	-	305,635	31.03	57.43	Dec 04
Jan 03	17,304	-	5,768	-	11,536	34.67	63.00	Jan 05
Feb 03	5,020	-	-	-	5,020	29.88	N/A	N/A
Mar 03	6,105	-	2,707	304	3,094	26.42	59.99	Mar 05
May 03	7,921	-	-	-	7,921	31.56	N/A	N/A
Jun 03	15,263	-	5,764	-	9,499	30.79	56.40	Jun 05
July 03	11,765	-	1,634	1,634	8,497	30.59	47.04	Jul 04
Oct 03	30,898	-	7,861	-	23,037	37.10	48.95	Sep 04
Oct 03	17,296	2	9,689	7,609	-	39.22	52.20	Oct 04
Dec 03	9,189	-	1,420	879	6,890	42.14	58.40	Dec 04
Feb 04	8,428	-	-	-	8,428	41.51	N/A	N/A
Apr 04	10,330	-	4,268	687	5,375	42.77	56.20	Apr 05
May 04	1,100	-	-	-	1,100	40.83	N/A	N/A
Jul 04	-	8,496	-	-	8,496	47.08	N/A	N/A
Sep 04	-	35,634	35,634	-	-	46.87	46.87	Sep 04
Sep 04	-	576,712	-	-	576,712	48.09	N/A	N/A
Oct 04	-	54,979	-	521	54,458	49.67	N/A	N/A
Nov 04	-	2,599	-	-	2,599	48.09	N/A	N/A
Nov 04	-	587	-	-	587	56.74	N/A	N/A
Dec 04	-	6,238	-	-	6,238	48.09	N/A	N/A
Dec 04	-	4,409	-	409	4,000	57.86	N/A	N/A
Jan 05	-	6,040	-	-	6,040	49.67	N/A	N/A
Jan 05	-	1,385	-	-	1,385	50.56	N/A	N/A
Jan 05	-	1,662	-	-	1,662	52.97	N/A	N/A
Jan 05	-	13,614	-	-	13,614	63.56	N/A	N/A
Mar 05	-	7,701	-	-	7,701	60.05	N/A	N/A
Mar 05	-	3,767	-	-	3,767	61.05	N/A	N/A
Jun 05	-	988,324	-	-	988,324	53.12	N/A	N/A
Total	835,999	1,712,149	222,347	12,173	2,313,628			

Note 23. Employee benefits (continued)

(b) Equity-based plans (continued)

(ix) Details of the movement in employee shares (continued)

Grant fair value represents the weighted average of the prices at which the shares were traded on the ASX for the five days up to the date of issue. Vesting fair value represents the closing price on the ASX on the date of vesting.

Of share grants under the ESP, DSP and GEST in the 2005 financial year, 15,099 shares were purchased on market, 1,680,526 shares were issued at market price and 16,524 shares were re-issued from the forfeited shares pool at market price.

The amounts recognised in the financial statements of the consolidated entity and the company in relation to the share plans referred to above during the year were amortisation of performance shares totalling $8,931,000 (2004: $7,137,000) and deferred assets totalling $96,159,000 split between a current deferred asset of $8,174,000 and a non-current asset of $87,985,000 as at 30 June 2005.

(x) Non-Executive Directors' Share Purchase Plan

A share purchase plan for non-executive directors was approved by shareholders at the annual general meeting in October 1998, under which each non-executive director can sacrifice up to 50 per cent of their directors' fees to acquire shares in the company. The shares are purchased on a quarterly basis at market value and have a disposal restriction of ten years, or when the director ceases to be a director of the company.

During the year the following directors participated in this plan:

	Shares purchased at market value	
	Number	$
C P Curran	2,419	133,908
S J Chapman	208	9,805
B L Boezeman	85	4,681
W G Kent	859	47,398
S V McPhee	1,153	63,409
L B Nicholls	859	47,398
R M Savage	429	23,662
P J Twyman	585	34,718
	6,597	**364,979**

(c) Superannuation commitments

All employees are eligible to participate in the Select Master Superannuation Fund (an accumulation fund) operated by the consolidated entity. The consolidated entity has a legally enforceable obligation to contribute to the plan.

(d) Directors' retirement benefits

As approved by shareholders at the 1990 and 2001 annual general meetings, non-executive directors are entitled to receive a retirement benefit of up to five times their final average directors' fees (received during the three years preceding retirement) for 15 years service in accordance with the following accrual table:

Length of service	Multiple applicable
3 years	1.33 years' fees
6 years	2.67 years' fees
9 years	4 years' fees
12 years	4.5 years' fees
15 years	5 years' fees

Note 23. Employee benefits (continued)

(d) Directors' retirement benefits (continued)

This retirement scheme does not apply to non-executive directors appointed after 1 July 2003.

The company sets aside amounts each year to fund the accrued retirement benefits via an employer-sponsored defined benefits superannuation fund and/or direct provisioning in the company's accounts.

Retirement benefits accrued during the year amounted to $620,734 (2004: $656,234).

In August 2005, the trustee of the fund resolved to discontinue the retirement fund following the retirement of three directors in October 2005. The trustee also resolved to crystallise the benefits for continuing non-executive directors as at 18 October 2005 and transfer those benefits into an appropriate complying superannuation fund. Accordingly, with effect from 18 October 2005 all non-executive directors will receive minimum superannuation guarantee contributions only.

A summary of the plan position at 30 June 2005, is presented below:

	$
Net market value of plan assets at 30 June 2005	2,493,642
Accrued benefits of the plan at 30 June 2005	2,742,543
Deficit within the plan at 30 June 2005	(248,901)
Provision held by the company	749,701
Surplus as at 30 June 2005*	**500,800**

*On cessation of the fund, the surplus is expected to be $nil based on the current projections of accrued benefits and estimates of plan assets.

	Consolidated		Company	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Note 24. Financial arrangements				
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
— Bank overdrafts	-	2,000	-	2,000
— Fixed rate bank bill facilities	45,000	45,000	-	-
	45,000	47,000	-	2,000
Facilities utilised at balance date:				
— Fixed rate bank bill facilities	45,000	45,000	-	-
Facilities not utilised at balance date:				
— Bank overdrafts	-	2,000	-	2,000

Bill facilities

The fixed rate bank bill facility of $45,000,000 is unsecured and has a fixed interest rate of 5.9 per cent expiring at 30 September 2005. Repayment of the existing facility is due at 30 September 2008, 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.

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 cover. The company is in compliance with the covenants at 30 June 2005. Should the company not satisfy any of these covenants, the outstanding balance of the loans may become due and payable.

Note 25. Additional financial instruments disclosure

(a) Interest rate risk exposure

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

At 30 June 2005

	Note	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	Non-interest bearing $'000	Total $'000	Weighted average interest rate* %
Financial assets							
Cash assets	10	167,871	20	-	-	167,891	4.5
Receivables	11	6,218	-	-	81,784	88,002	7.1
Other financial assets	12	60	40	-	60,059	60,159	6.6
Investments in associates	29	-	-	-	30,771	30,771	-
		174,149	60	-	172,614	346,823	
Financial liabilities							
Payables	17	-	-	-	54,253	54,253	-
Fixed rate bills	18	-	45,000	-	-	45,000	5.9
		-	45,000	-	54,253	99,253	

At 30 June 2004

	Note	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	Over 1 to 5 years $'000	Non-interest bearing $'000	Total $'000	Weighted average interest rate* %
Financial assets							
Cash assets	10	163,348	20	-	-	163,368	4.2
Receivables	11	13,603	-	-	47,874	61,477	7.1
Other financial assets	12	60	40	-	64,792	64,892	5.1
Investments in associates	29	-	-	-	38,776	38,776	-
		177,011	60	-	151,442	328,513	
Financial liabilities							
Payables	17	-	-	-	46,679	46,679	-
Fixed rate bills	18	-	-	45,000	-	45,000	5.4
		-	-	45,000	46,679	91,679	

* Calculation of weighted average interest rate excludes the non-interest bearing portion of the assets or liabilities.

(b) Credit risk exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the consolidated entity which have been recognised on the Statements of Financial Position, is the carrying amount, net of any provision for doubtful debts.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties.

Note 25. Additional financial instruments disclosure (continued)

(c) Net fair values of financial assets and liabilities

Valuation approach

Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

– Marketable shares included in 'Other financial assets' are traded in an organised financial market. The net fair value of marketable shares is determined by valuing them at the current quoted market bid price for an asset, adjusted for transaction costs necessary to realise the asset.
– The carrying amounts of bank term deposits and accounts receivable approximate net fair value.
– The net fair value of investments in unlisted shares in other corporations is determined with reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

Net fair value

The consolidated entity's financial assets and liabilities included in current assets and liabilities in the Statements of Financial Position are carried at amounts in accordance with note 1.

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	2005		2004	
	Carrying amount $'000	Net fair value $'000	Carrying amount $'000	Net fair value $'000
Financial assets				
Cash assets	167,891	167,891	163,368	163,368
Receivables	88,002	88,002	61,477	61,477
Shares in other corporations and unit trusts	56,012	111,651	60,068	109,521
Other investments	4,147	4,147	4,824	4,824
Investments in associates	30,771	30,771	38,776	38,776
Financial liabilities				
Payables	54,253	54,253	46,679	46,679
Interest-bearing liabilities	45,000	44,998	45,000	44,974

	Consolidated		Company	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Note 26. Commitments				
Capital expenditure commitments				
Contracted but not provided for and payable within one year	11,551	207	11,551	207
Capital expenditure contracted but not provided for and payable within one year relates primarily with the costs associated with the fit-out of Angel Place in Sydney.				
Operating lease commitments[1]				
Future operating lease rentals not provided for in the financial statements and payable:				
Not later than 1 year	7,451	4,232	4,952	1,641
Later than 1 year and not later than 5 years	38,528	10,755	34,356	5,243
Later than 5 years	61,710	721	59,911	286
	107,689	15,708	99,219	7,170

1 Operating leases are predominantly related to premises. The significant increase in operating lease commitments is due to the commencement of a 15 year lease for Angel Place, Sydney (1 December 2005).

Other commitments

In 2001 the company entered into a subordinated loan agreement with ASX Perpetual Registrars Limited ('APRL') to provide funding for the development of a share registry system. The balance of the funding outstanding at 30 June 2005 is $6,036,000 (2004: $11,575,000). This funding is in proportion to the company's interest in APRL and APRL has an equivalent funding arrangement with its other shareholder.

Note 27. Contingent liabilities

(a) The uncalled capital of the controlled entities amounts to $10,902,945 (2004: $10,403,135).

(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 $120,000 (2004: $120,000) to the favour of the Australian Securities and Investment Commission in respect of Dealer's Licence arrangements.

(d) A controlled entity has granted a bank guarantee in favour of the ASX Settlement and Transfer Corporation Pty Limited with respect to normal trading activities of $1,000,000 (2004: $500,000).

(e) The company has provided a guarantee to an Australian bank to secure a $45 million fully drawn bill facility of a controlled entity.

(f) A controlled entity has given certain warranties to Colonial First State Group Limited with respect to the sale of the Group's investment in Symetry Limited on 21 December 2004. The majority of warranties provided are capped in aggregate at $10 million, although some warranties are uncapped. The uncapped warranties are consistent with applicable laws (Trust law) and usual business practice.

No claims have been made in respect of these warranties at the balance date.

(g) A controlled entity has granted a bank guarantee of $20 million in favour of investors in a new product titled 'Exact Market Cash Fund' (2004: $nil). As at 30 June 2005 no liabilities existed in respect of this product.

Note 28. Related parties

Controlled entities and associates
Details of the company's interests in associates and controlled entities are set out at notes 29 and 30 respectively.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Inter-company funding is provided by the company by interest free loans to and from the company and controlled entities.

	Company	
	2005 $'000	2004 $'000
The aggregate amounts included in the profit from ordinary activities before income tax expense that resulted from transactions with related parties are:		
Interest revenue:		
Associates	789	1,046
Dividend revenue:		
Controlled entities	162,267	56,000
Management fees:		
Controlled entities	11,306	67,637
Loans to:		
Associates	100	1,940
Loan repayments from:		
Associates	5,539	3,973
Aggregate amounts receivable from, and payable to, related parties:		
Receivables – current:		
Controlled entities	29,792	16,742
Receivables – non-current:		
Associates	6,218	13,603
Creditors and other liabilities – current:		
Controlled entities	36,233	73,180

Employee share purchase loans
Loans to executive directors of entities within the consolidated entity are made for the purposes of acquiring shares in the company in accordance with the Perpetual Employee Share Purchase Plan and are interest free for a maximum period of ten years. Loans are made by the company.

At 30 June 2005 there were seven loans (2004: three) totalling $82,292 (2004: $46,762) outstanding from directors of entities within the consolidated entity who are not Specified Directors or Specified Executives of the company. There were no loans granted to such directors during the 2005 financial year (2004: $12,369). The number of loans to executive directors increased due to new appointments to subsidiary boards in the year. The maximum loan outstanding to any one such director at 30 June 2005 was $16,231 (2004: $21,198).

During the year loan repayments (other than by way of dividends received) made by the executive directors totalled $nil (2004: $nil).

	Consolidated 2005 $'000	2004 $'000
Note 29. Investments in associates		
Results of associates		
Share of associates' operating profit before income tax	2,054	3,811
Share of associates' income tax expense attributable to operating profit	(1,037)	(1,428)
Share of associates' net profit – as disclosed by associates	1,017	2,383
Adjustments:		
Amortisation of goodwill	(229)	(458)
Share of associates' net profit – equity accounted	788	1,925
Share of post-acquisition accumulated losses and reserves attributable to associates		
Accumulated losses		
Share of associates' accumulated losses at the beginning of the financial year	(2)	(1,321)
Share of net profit of associates	772	1,925
Dividends received from associates	(5,786)	(606)
Retained earnings released on sale of investment in Symetry Limited	4,523	-
Share of associates' accumulated losses at the end of the financial year	(493)	(2)
Movements in carrying amount of investments		
Carrying amount of investments in associates at beginning of the financial year	38,776	37,351
Provision against amounts owing from associate	(16)	106
Share of associates' net profit	788	1,925
Cost of investment in associate disposed of during the year	(2,991)	-
Dividends received from associates	(5,786)	(606)
Carrying amount of investments in associates at the end of the financial year	30,771	38,776
Capital expenditure commitments		
Contracted but not provided for and payable within one year	753	-
Commitments		
Share of associates' commitments payable:		
Operating lease commitments		
Not longer than 1 year	1,486	1,531
Longer than 1 year but not longer than 5 years	1,718	789
Total commitments	3,204	2,320
Contingent liabilities		
Share of associates' contingent liabilities		
—Guaranteed bank facilities	710	10

Note 29. Investments in associates (continued)

Details of investments in associates are as follows:

Name	Principal activities	Balance date	Ownership interest Consolidated 2005 %	Ownership interest Consolidated 2004 %	Investment carrying amount Consolidated 2005 $'000	Investment carrying amount Consolidated 2004 $'000
ASX Perpetual Registrars Limited	Registry Services	30 June	50.0	50.0	30,771	29,767
Symetry Limited	Master Trust Provider	30 June	-	33.3	-	9,009
Perpetual James Fielding Limited	Property Funds Management	30 June	50.0	50.0	-	-
					30,771	38,776

Dividends received from associates for the year ended 30 June 2005 by the consolidated entity amounted to $5,786,007 (2004: $605,862).

	Consolidated 2005 $'000	Consolidated 2004 $'000
Summary performance and financial position of associates		
The consolidated entity's share of aggregate assets, liabilities and profits of associates are as follows:		
Net profit – as reported by associates	1,017	2,383
Adjustment – amortisation of goodwill	(229)	(458)
Net profit – equity adjusted	788	1,925
Current assets	7,573	9,513
Non-current assets	34,792	37,381
Total assets	42,365	46,894
Current liabilities	2,977	3,427
Non-current liabilities	8,617	11,792
Total liabilities	11,594	15,219
Net assets – as reported by associates	30,771	31,675
Adjustments arising from equity accounting:		
Add: Goodwill (net of amortisation)	-	7,101
Net assets – equity adjusted	30,771	38,776

Name of company	Beneficial interest 2005 %	2004 %
Note 30. Particulars in relation to controlled entities		
Perpetual Trustees Australia Limited		
Controlled Entities[1]		
Australian Trustees Limited	100	100
Commonwealth Trustees Pty Limited #	100	100
Investor Marketplace Limited	100	100
Perpetual Analysts Portfolio Fund	100	100
Perpetual Small Companies Analysts Fund	100	100
Perpetual Assets Pty Limited #	100	100
Perpetual Legal Services Pty Limited # ^	100	100
Perpetual Australia Property Services (WA) Pty Limited # *	100	100
Perpetual Australia Pty Limited #	100	100
Perpetual Fund Services Limited	100	100
Perpetual Investment Management Limited	100	100
PI Investment Management Limited	100	-
Perpetual Nominees Limited	100	100
Perpetual Services Pty Limited #	100	100
Perpetual Superannuation Limited	100	100
Perpetual Trust Services Limited	100	100
Perpetual Trustee Company (Canberra) Limited	100	100
Perpetual Trustee Company Limited	100	100
Perpetual Trustees Queensland Limited	100	100
Perpetual Trustees SA Limited	100	100
Perpetual Trustees Victoria Limited	100	100
Perpetual Trustees WA Limited	100	100
Queensland Trustees Pty Limited	100	100
Perpetual Trustees Consolidated Limited	100	100
Entities under the control of Perpetual Trustee Company Limited		
Perpetual Trustees Nominees Limited	100	100
Perpetual Custodians Limited	100	100
Hunter Nominees Pty Limited # *	100	100
Perpetual Service Network Pty Limited #	100	100
PT Limited	100	100
Entities under the control of PT Limited		
Perpetrust Nominees Pty Limited #	100	100
Entities under the control of Perpetual Trustees Victoria Limited		
Perpetual Executors Nominees Limited	100	100
Midway Nominees Pty Limited # *	100	100
AXA GESP Exempt (Aust) Pty Limited #	51	51
AXA GESP Deferred (Aust) Pty Limited #	51	51

A small proprietary company as defined by the *Corporations Act 2001* and is not required to be audited for statutory purposes.

* These companies were deregistered on 26 June 2005.

^ This company changed its name from Perpetual Property Services Australia Pty Limited on 1 July 2005.

1 Entities in bold are directly owned by Perpetual Trustees Australia Limited.

	Beneficial interest	
	2005	2004
Name of company	%	%
Note 30. Particulars in relation to controlled entities (continued)		
Entities under the control of Perpetual Trustee Company (Canberra) Limited		
Charleville Leasing Limited *	100	100
Entities under the control of Perpetual Trustees WA Limited		
Perpetual Custodians WA Pty Limited # *	100	100
Terrace Guardians Limited	100	100
Selwest Pty Limited # *	100	100
Entities under the control of Perpetual Assets Pty Limited		
Perpetual Asset Management Limited	100	100
Entities under the control of Perpetual Superannuation Limited		
Wilson Dilworth Partnership Pty Limited #	100	100
Entities under the control of Wilson Dilworth Partnership Pty Limited		
Wilson Dilworth Limited	100	100
Wilson Dilworth Finance Pty Limited #	100	100
Entities under the control of Perpetual Trustees Consolidated Limited		
Perpetual Nominees (Canberra) Limited	100	100
Perpetual Custodian Nominees Pty Limited #	100	100
Perpetual Victoria Nominees Pty Limited # *	100	100
Entities under the control of Perpetual Australia Pty Limited		
Perpetual Exact Market Cash Fund	-	-

A small proprietary company as defined by the *Corporations Act 2001* and is not required to be audited for statutory purposes.

* These companies were deregistered on 26 June 2005.

	Consolidated		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Note 31. Notes to the Statements of Cash Flows				
(a) Reconciliation of cash				
For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank, short-term deposits, deposits at call and bank bills, net of outstanding bank overdrafts. Cash at the end of the financial period as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:				
Cash	14,912	633	6,316	362
Deposits at call*	150,079	162,735	91,133	127,560
Short-term deposits	2,900	-	-	-
	167,891	163,368	97,449	127,922
*These funds are invested in a cash management trust operated by the consolidated entity.				
(b) Reconciliation of net profit to net cash provided by operating activities				
Net profit	119,522	90,386	176,134	72,454
Less items classified as investing/financing activities:				
Profit on sale of investments	(36,937)	(2,147)	(5,845)	(1,034)
Reinvestment of dividends and unit distributions	(800)	-	(534)	-
Legal and other costs associated with the sale of investments	(806)	-	-	-
Accrual for additions to fixed assets	(671)	-	-	-
Net interest charged to related party loan accounts	(105)	-	(105)	-
Add/(less) non-cash items:				
Loss on sale of property, plant and equipment	10	20	293	45
Capital reduction in related party	-	-	148	-
Depreciation and amortisation of property, plant and equipment	9,560	13,176	8,855	9,339
Amortisation of goodwill	3,433	3,794	-	-
Issue of deferred long-term incentives for no consideration	87,064	-	59,904	-
Transfer to foreign currency translation reserve	48	-	-	-
Share of associates' net profits	(788)	(1,925)	-	-
Net cash provided by operating activities before change in assets and liabilities	179,530	103,304	238,850	80,804
Change in assets and liabilities net of acquisition of controlled entities during the financial year:				
(Increase)/decrease in receivables	(4,710)	4,960	(13,837)	33,712
Increase/(decrease) in accounts payable	7,574	7,938	(41,060)	1,437
(Increase)/decrease in other assets	(79,313)	5,594	(51,835)	5,410
Decrease/(increase) in other financial assets other than investments	677	35	675	(36)
Increase/(decrease) in provisions	8,720	(7,308)	8,441	(3,414)
Increase/(decrease) in income taxes payable	2,350	(545)	2,355	9,780
(Increase)/decrease in deferred tax assets	(1,233)	(1,192)	(1,233)	(4,884)
(Decrease)/increase in deferred tax liabilities	(64)	(584)	(64)	93
Net cash provided by operating activities	113,531	112,202	142,292	122,902

Note 31. Notes to the Statements of Cash Flows (continued)

(c) Net proceeds from the sale of Symetry Limited

The investment in Symetry Limited was disposed on 21 December 2004 to Commonwealth Bank of Australia Limited. Settlement took place on 21 December 2004 and the transaction was completed upon receipt of $21,752,000 being the sale price of $16,405,000 (including partial consideration for the cancellation of the options) and fully franked dividends of $5,347,000 (consisting of the pooled dividend entitlements in respect of the options not exercised and undistributed profits). The profit on the sale of Symetry Limited is shown below.

Disposal of Symetry	$'000
Consideration	16,405
Selling costs	(806)
Carrying value of entity disposed	(2,991)
Profit on disposal	**12,608**

Interest held in Symetry Limited after disposal	Nil %

(d) Financing facilities

Refer to note 24.

(e) Proceeds on the sale of land and building

The proceeds on the sale of land and building are expected to be received in March 2006. The timing of the receipt is dependent on Perpetual vacating the premises as part of the move to Angel Place in Sydney.

Note 32. Events subsequent to balance date

Dividends

Since the end of the financial year, the directors declared the following dividends

	Cents per share	Total amount $'000	Franked/ unfranked	Date of payment
2005				
Final 2005 ordinary	130	52,153	franked	12 Sep 05
Final 2005 special dividend	100	40,118	franked	12 Sep 05
Total amount	**230**	**92,271**		

Sale of ASX Perpetual Registrars Limited ('APRL')

On 17 August 2005, the consolidated entity entered into an agreement to sell its 50 per cent interest in APRL for a consideration of approximately $60 million plus the repayment of a loan receivable of $6 million to Pacific Equity Partners Pty Limited ('PEP'). The completion of the sale is subject to PEP securing bank finance, approval for which, at the date of this report, is well advanced. The Financial Report as at 30 June 2005 included a loan receivable from APRL of $6 million and an investment in APRL with a carrying value of $30.8 million.

The financial effect of the above transaction, which occurred after 30 June 2005, has not been brought to account in the Financial Report for the year ended 30 June 2005.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS)

Reporting standards
For reporting periods beginning on or after 1 January 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards ('AIFRS') as issued by the Australian Accounting Standards Board ('AASB').

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian Generally Accepted Accounting Principles ('AGAAP')) applicable for reporting periods ended 30 June 2005.

Transition management
The board has established a formal implementation project, monitored by the Chief Financial Officer, to assess the impact of transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005.

The project is achieving its scheduled milestones and the consolidated entity is expected to be in a position to fully comply with the requirements of AIFRS for the 30 June 2006 financial year.

Assessment and planning phase
The assessment and planning phase generated a high level overview of the impacts of conversion to AIFRS on existing accounting and reporting policies and procedures, systems and processes, business structures and staff. This phase included:

— a high level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting AIFRS;
— an assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes;
— an evaluation of the implications for staff, for example training requirements; and
— the preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems, accounting and business processes and staff training.

The assessment and planning phase is complete as at 30 June 2005.

Design phase
The design phase formulated the changes required to existing accounting policies and procedures and systems and processes in order to transition to AIFRS.

The design phase incorporated the:

— formulation of revised accounting policies and procedures for compliance with AIFRS requirements;
— identification of potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of AIFRS;
— development of revised AIFRS disclosures;
— formulation of accounting and business processes to support AIFRS reporting obligations;
— identification of required changes to financial reporting and business source systems; and
— development of training programs for staff.

The design phase is complete as at 30 June 2005.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

Implementation phase
The implementation phase includes implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff and enables the consolidated entity to generate the required reconciliations and disclosures of AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards.

This phase is substantially complete as at 30 June 2005.

Impact of transition to AIFRS
The impact of transition to AIFRS, including the transitional adjustments disclosed in the reconciliations from current AGAAP to AIFRS, and the selection and application of AIFRS accounting policies, are based on AIFRS standards that management expect to be in place when preparing the first complete AIFRS financial report (being the half-year ending 31 December 2005). Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the company's and consolidated entity's financial position, results of operations and cash flows in accordance with AIFRS. This note provides only a summary and further disclosure and explanations will be required in the first complete AIFRS financial report for a true and fair view to be presented under AIFRS.

There is a significant amount of judgement involved in the preparation of the reconciliations from current AGAAP to AIFRS, consequently the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the reconciliations provided in this note.

Revisions to the selection and application of the AIFRS accounting policies may be required as a result of:

- changes in financial reporting requirements that are relevant to the company's and consolidated entity's first complete AIFRS financial report arising from new or revised accounting standards or interpretations issued by Australian Accounting Standards Board subsequent to the preparation of the 30 June 2005 Financial Report.
- additional guidance on the application of AIFRS in a particular industry or to a particular transaction.
- changes to the company's and consolidated entity's operations.

Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects management's current assessment of the likely outcome of those deliberations. The uncertainty relating to the accounting guidance is disclosed in the relevant accounting policy note and where practicable, the expected impact of the alternative interpretation is also disclosed.

The rules for first time adoption of AIFRS are set out in AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards. In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet as at transition date, being 1 July 2004. The standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS. The accounting policies note includes details of the AASB 1 elections adopted.

The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations and the elections expected to be made under AASB 1 are set out on the following page.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

Statement of Financial Position incorporating AIFRS adjustments as at 1 July 2004

		Consolidated			Company		
($'000)	Note	2004 AGAAP	AIFRS Adjustment	2004 AIFRS	2004 AGAAP	AIFRS Adjustment	2004 AIFRS
Current assets							
Cash assets		163,368	-	163,368	127,922	-	127,922
Receivables		47,874	-	47,874	20,160	-	20,160
Other financial assets	(a)	485	(384)	101	384	-	384
Prepayments and deferred staff incentives	(b)	12,367	(6,053)	6,314	10,738	-	10,738
Total current assets		**224,094**	**(6,437)**	**217,657**	**159,204**	**-**	**159,204**
Non-current assets							
Receivables		13,603	-	13,603	13,603	-	13,603
Investments accounted for using the equity method	(c) (d) (e)	38,776	(3,136)	35,640	-	-	-
Other financial assets	(a) (d)	64,407	(9,243)	55,164	157,238	(794)	156,444
Assets held for sale	(c)	-	9,009	9,009	-	-	-
Property, plant and equipment	(f) (g)	34,455	(4,346)	30,109	12,510	(4,342)	8,168
Intangibles	(f)	51,870	4,860	56,730	-	4,856	4,856
Deferred tax assets	(h)	16,367	4,218	20,585	16,367	4,218	20,585
Deferred staff incentives	(b)	11,849	(11,849)	-	11,849	(6,190)	5,659
Total non-current assets		**231,327**	**(10,487)**	**220,840**	**211,567**	**(2,252)**	**209,315**
Total assets		**455,421**	**(16,924)**	**438,497**	**370,771**	**(2,252)**	**368,519**
Current liabilities							
Payables		46,679	-	46,679	85,914	-	85,914
Current tax liabilities		15,596	-	15,596	15,569	-	15,569
Provisions		26,229	-	26,229	26,229	-	26,229
Total current liabilities		**88,504**	**-**	**88,504**	**127,712**	**-**	**127,712**
Non-current liabilities							
Interest-bearing liabilities		45,000	-	45,000	-	-	-
Deferred tax liabilities	(i)	364	5,387	5,751	364	-	364
Provisions	(g)	6,196	1,769	7,965	3,907	1,769	5,676
Total non-current liabilities		**51,560**	**7,156**	**58,716**	**4,271**	**1,769**	**6,040**
Total liabilities		**140,064**	**7,156**	**147,220**	**131,983**	**1,769**	**133,752**
Net assets		**315,357**	**(24,080)**	**291,277**	**238,788**	**(4,021)**	**234,767**
Equity							
Contributed equity		132,853	(30,344)	102,509	132,853	-	132,853
Reserves		87,633	3,063	90,696	49,354	(2,520)	46,834
Retained profits		94,871	3,201	98,072	56,581	(1,501)	55,080
Total equity		**315,357**	**(24,080)**	**291,277**	**238,788**	**(4,021)**	**234,767**

This table should be read in conjunction with the notes that follow.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

AIFRS adjustments to equity at 1 July 2004
The reconciliation of AIFRS adjustments to equity at a consolidated entity level is presented below:

		Consolidated						
($'000)	Note	Contributed Equity	General Reserve	Asset Revaluation Reserve	Capital Reserve	Capital Profits Reserve	Own Share Reserve	Retained Profits
Balance as at 1 July 2004 under AGAAP		132,853	103	6,378	17,957	63,195	-	94,871
AIFRS reconciliation								
—adjustment in respect of loans granted to employees to purchase shares in the Employee Share Purchase Plan ('ESPP') current and non-current portion	(a)	(4,582)						
—additional amortisation required in respect of ESPP loans	(j)						193	(193)
—adjustment in respect of deferred staff incentives classified as other assets (current and non-current portion)	(b)	(17,902)						
—adjustment to gross up amortised portion of deferred staff incentives	(b)	(7,860)					7,860	
—additional amortisation required in respect of deferred staff incentives	(k)						6,190	(6,190)
—adjustment in respect of applying AIFRS to investments accounted for under the equity basis	(d) (e)							828
—adjustment in respect of amortisation of make good provisions and additional lease expenses as a result of expensing lease costs on a straight line basis	(g)							(1,255)
—initial recognition of Deferred Tax Asset relating to capital losses	(h)							4,218
—initial recognition of Deferred Income Tax Liability in relation to difference between book value and tax value of investment in associate	(i)				(5,387)			
—accumulated amortisation in respect of options issued after 7 November 2002	(l)						585	(585)
—transfer from asset revaluation reserve	(m)			(6,378)				6,378
Balance as at 1 July 2004 under AIFRS		102,509	103	-	12,570	63,195	14,828	98,072

This table should be read in conjunction with the notes that follow.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

AIFRS adjustments to equity at 1 July 2004
The reconciliation of AIFRS adjustments to equity at a company level is presented below:

		Company						
($'000)	Note	Contributed Equity	General Reserve	Asset Revaluation Reserve	Capital Reserve	Capital Profits Reserve	Own Share Reserve	Retained Profits
Balance as at 1 July 2004 under AGAAP		132,853	-	3,105	-	46,249	-	56,581
AIFRS reconciliation								
—fair value adjustment in respect of non-current non-interest bearing employee loans	(a)							(794)
—adjustment in respect of amortisation of make good provisions and additional lease expenses as a result of expensing lease costs on a straight line basis	(g)							(1,255)
—initial recognition of Deferred Tax Asset relating to capital losses	(h)							4,218
—additional amortisation required in respect of deferred staff incentives	(k)							(6,190)
—accumulated amortisation in respect of options issued after 7 November 2002	(l)						585	(585)
—transfer from asset revaluation reserve	(m)			(3,105)				3,105
Balance as at 1 July 2004 under AIFRS		132,853	-	-	-	46,249	585	55,080

This table should be read in conjunction with the notes that follow.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

Ref	Account	Accounting treatment	Expected impact
(a)	Employee Share Purchase Plan loans (balance sheet)	Consolidated Entity Under AGAAP, interest-free loans provided to employees to purchase Perpetual shares in the Employee Share Purchase Plan ('ESPP') are carried at cost. Under AIFRS, the ESPP is consolidated and the loans are replaced by the underlying shares in the plan. These shares are considered to be 'treasury shares' and reversed against contributed equity in the consolidated entity accounts. The fair value of these shares are then amortised over the vesting period. Refer to (k) for details on the amortisation provided. Company At a company level, the non-current portion of the interest free loans is discounted to fair value using the risk free interest rate over the expected life of the loan. There is no adjustment to the current portion.	The adjustment to the consolidated entity at 1 July 2004 is a reduction in the current portion of deferred staff incentives of $384,000 and a reduction in the non-current portion of other financial assets of $4,198,000 with an associated decrease in contributed equity. The adjustment to the non-current portion of the deferred staff incentive at a company level at 1 July 2004 is a reduction of $794,000 with an associated decrease in 'Retained profits'. There is no adjustment to the current portion of the deferred staff incentive at a company level.
(b)	Share based payments	Under AGAAP, shares issued to employee share plans are disclosed as an increase to issued capital with the shares carried on the balance sheet as an asset titled 'deferred staff incentives'. This asset is then amortised over the period to which the shares vest to employees. Under AIFRS, the gross value of issued capital and the carrying amount of the deferred staff incentive asset are eliminated and an Equity Reserve representing the accumulated employee benefit expense (called 'Own share reserve') is raised. This represents the obligation to employees that is intended to be settled by the issue of Perpetual shares.	The adjustment to the consolidated entity at 1 July 2004 is a reduction in the current portion of deferred staff incentive of $6,053,000 and a reduction in the non-current portion of deferred staff incentive of $11,849,000 with an equivalent reduction in contributed equity of $17,902,000. A further adjustment for the consolidated entity at 1 July 2004 is required to adjust for the gross value of issued capital in respect of cumulative amounts previously amortised for shares that have not vested at 30 June 2004. This has resulted in a reclassification of $7,860,000 from Contributed equity to 'Own share reserve'. *Refer to (j) for details of adjustment at a company level.*

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

Ref	Account	Accounting treatment	Expected impact
(c)	Assets held for sale	Under AIFRS, non-current assets classified as held for sale are presented separately from other assets and liabilities on the balance sheet. A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, the asset is available for immediate sale in its current condition, and its sale is highly probable.	The adjustment to the consolidated entity at 1 July 2004 is the reclassification of the investment in Symetry Limited of $9,009,000 from investments accounted for using the equity method to Assets held for sale. Perpetual's ownership interest in Symetry Limited was sold on 21 December 2004. There is no adjustment at a company level.
(d)	Investments in Perpetual managed funds	Under AGAAP, investments in Perpetual managed funds were carried at the lower of cost or net realisable value and classified as other financial assets. Under AIFRS an entity is required to equity account for an investment in a fund where the investor has significant influence over the operating or financial policies of the fund. A significant influence is presumed to exist for investments where the holding is in excess of 20 per cent and less than 50 per cent and where Perpetual acts as manager of the fund.	An adjustment is required to the consolidated entity at 1 July 2004 to reclassify an investment of $5,045,000 in the Perpetual Wholesale SHARE-PLUS Fund from non-current other financial assets to investments accounted for under the equity method. The increase in the value of the equity of the investment (representing the post acquisition retained profits and adjustments to equity) must also be recognised and an increase of $1,743,000 will be provided with an associated increase in 'Retained profits'. There is no adjustment at a company level.
(e)	Equity accounted investments	All AIFRS adjustments made by entities which Perpetual accounts for on the equity basis are required to be adjusted in the opening AIFRS statement of financial position by Perpetual.	On adopting AIFRS, ASX Perpetual Registrars Limited (an investment accounted for on the equity basis) recognised losses of $1,829,000 directly in equity. These adjustments relate primarily to the derecognition of capitalised software development costs (after tax), the impact of accounting for lease rentals on a straight line basis and for providing for 'make good' costs on operating lease rentals. This has resulted in an adjustment to the value of equity accounted investments of $915,000 (50 per cent) with the corresponding entry directly to 'Retained profits'. There is no adjustment at a company level.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

Ref	Account	Accounting treatment	Expected impact
(f)	Capitalised software costs	Under AIFRS, computer software assets developed for internal use are considered to be an intangible asset and will be reclassified from 'Property, plant and equipment' to 'Intangibles'. Amortisation will be recognised on a straight-line basis over the estimated useful lives of the intangible assets.	The adjustment to the consolidated entity is the reclassification of $4,860,000, representing the net book value of computer software at 30 June 2004, from 'Property, plant and equipment' to 'Intangibles'. The adjustment to the company is the reclassification of $4,856,000, representing the net book value of computer software at 30 June 2004, from 'Property, plant and equipment' to 'Intangibles'.
(g)	Operating leases and provision for make good costs	Under AGAAP, operating lease payments were charged as an expense over the term of the lease on a basis representative of the pattern of benefits to be derived from the lease. Under AIFRS, operating lease payments are charged as an expense on a straight line basis over the term of the lease. Under AIFRS, the initial estimate of the costs of dismantling and removing an item of 'Property, plant and equipment', including leasehold improvements ('make good') should be included in the cost of an asset depreciated over the life of the lease.	The adjustment to the consolidated entity at 1 July 2004 is a non-current liability of $593,000 representing the additional lease obligations required to account for the lease on a straight line basis. The corresponding entry is charged directly against 'Retained profits'. The adjustment to the consolidated entity at 1 July 2004 is the initial recognition of an estimate of 'make good' provisions in respect of leasehold improvements of $1,176,000 as a non-current provision. An asset of $514,000 representing the carrying value of this amount is recognised in 'Property, plant and equipment' with the difference of $662,000 representing accumulated depreciation to date being recognised directly against 'Retained profits'. Similar adjustments will arise for the company.
(h)	Recognition of deferred tax asset relating to capital losses	Under AGAAP, capital losses were only recognised as a deferred tax asset when it was virtually certain the losses would be utilised. Under AIFRS, less strict criteria for the recognition of deferred tax assets relating to capital losses is applied and deferred tax assets are recognised where it is 'probable' that the losses will be utilised.	The adjustment to the consolidated entity at 1 July 2004 is the initial recognition of deferred tax assets of $4,218,000 relating capital losses that were previously not recognised. A similar adjustment will arise for the company.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

Ref	Account	Accounting treatment	Expected impact
(i)	Deferred tax liabilities	Under AIFRS, deferred tax liabilities are required to be provided in respect of any upward revaluation of assets using tax rates relevant at the reporting date.	An adjustment of $5,387,000 to the consolidated entity at 1 July 2004 is required to account for the Deferred Tax Liability relating to the difference between the tax cost base of the net assets of an associated entity (ASX Perpetual Registrars Limited) and the book value of the investment.
(j)	Amortisation of employee loans provided to the ESPP	Under AIFRS, the ESPP is consolidated into the group financial statements and loans on the AGAAP balance sheet are replaced by Perpetual shares held in the plan. Under AIFRS, these Perpetual shares are considered to be 'treasury shares' and are reversed against contributed equity in the consolidated entity accounts. This effectively eliminates the shares from the balance sheet. The fair value of shares issued under the ESPP is calculated using a binomial option pricing model. This fair value is then amortised over the vesting period with an offsetting entry being charged to the 'Own share reserve'. When the shares ultimately vest, the 'Own share reserve' is reduced by the relevant amount and 'Contributed equity' is increased accordingly.	An adjustment required to the consolidated entity at 1 July 2004 is an expense of $193,000 recognised in 'Retained profits' with the corresponding entry adjusted against the 'Own share reserve'. There is no adjustment at a company level.
(k)	Amortisation of long-term incentives ('LTI')	Under AGAAP, the cost of shares purchased to satisfy LTIs granted to employees have been amortised on a straight line basis over the vesting period. Under AIFRS, the fair value of shares that are expected to vest are amortised on a straight line basis over the vesting period relating to each tranche of an LTI issue. For Perpetual, the fair value of the shares issued is the face value of the shares except where a market linked performance hurdle is present. In this situation, the face value is adjusted to take into consideration the potential impact of fluctuations in market conditions.	The only market linked performance hurdles are Total Shareholder Return ('TSR') conditions. The fair value of shares with TSR vesting conditions is less than the face value of the share at the time of issue. The adjustment to the consolidated entity at 1 July 2004 is additional amortisation of $6,190,000 being recorded in the 'Own share reserve' with the corresponding entry against 'Retained profits'. This effectively represents the increase in amortisation under AIFRS as compared to amortisation provided under AGAAP. A similar adjustment will arise for the company.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

Ref	Account	Accounting treatment	Expected impact
(l)	Options	Under AIFRS, the fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured using the binomial option pricing model at the grant date taking into account market conditions only and spread over the vesting period during which the employee becomes unconditionally entitled to the options. No adjustment is made for options granted before 7 November 2002.	The adjustment to the consolidated entity at 1 July 2004 is an option expense of $585,000 recognised in retained profits with the corresponding entry adjusted against the 'Own share reserve'. A similar adjustment will arise for the company.
(m)	Asset revaluation reserve	Perpetual has elected to account for 'Property, plant and equipment' at deemed cost. Under AIFRS, the asset revaluation reserve balance relating to these assets has been derecognised at transition date and adjusted against 'Retained profits'.	Consolidated Entity The adjustment to the consolidated entity at 1 July 2004 is the derecognition of the asset revaluation reserve of $6,378,000 with the corresponding entry adjusted against 'Retained profits'. Company The adjustment to the company entity at 1 July 2004 is the derecognition of the asset revaluation reserve of $3,105,000 with the corresponding entry adjusted against 'Retained profits'.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

Exemption from applying AASB 132: Financial Instruments: Disclosure and Presentation, AASB 139: Financial Instruments: Recognition and Measurement.
Perpetual has elected to adopt the exemption provided in AASB 1 s36A and not provide comparative information in accordance with AASB 132: Financial Instruments: Disclosure and Presentation and AASB 139: Financial Instruments: Recognition and Measurement. The implication of not adopting these standards at 1 July 2004 is that the market value uplift of investments and the associated deferred income tax liability will not be reflected.

The appropriate adjustments in respect of adopting these standards will only be reflected from 1 July 2005.

Ref	Account	Accounting treatment	Expected impact
(i)	Investments in equities and managed funds	Under AGAAP, investments in equities and managed funds are recorded at the lower of cost or net realisable value. Under AIFRS, these investments are classified as 'Financial assets available for sale' and recorded at market value with the increase or decrease taken directly to the revaluation reserve classified in equity.	Had the exemption not been applied the adjustment to the consolidated entity at 1 July 2004 would have been an increase of $49,453,000 relating to the market value uplift of investments in equities and managed funds with the corresponding increase in the revaluation reserve. In addition, the adjustment to the company at 1 July 2004 would have been an increase of $21,075,000 relating to the market value uplift of investments in equities and managed funds with the corresponding increase in the revaluation reserve.
(ii)	Deferred tax liabilities	Under AIFRS, deferred tax liabilities are required to be provided in respect of any upward revaluation of assets using tax rates relevant at the reporting date.	Consolidated Entity Had the exemption not been applied, the adjustment to the consolidated entity at 1 July 2004 would have been $14,836,000 relating to the tax effect of the upward revaluation of Perpetual's investments of $49,453,000 (at 30 per cent) with the corresponding entry in the revaluation reserve. Company In addition, the adjustment to the company at 1 July 2004 would have been $6,323,000 relating to the tax effect of the upward revaluation of Perpetual's investments of $21,075,000 (at 30 per cent) with the corresponding entry in the revaluation reserve.

Note 33. Impact of adopting Australian equivalents to International Financial Reporting Standards (AIFRS) (continued)

Reconciliation of net profit attributable to members of the parent entity for the year ended 30 June 2005

	Consolidated	Company
	2005	2005
	$'000	$'000
Net profit attributable to members of the parent entity under AGAAP	119,522	176,134
AIFRS reconciliation		
– reversal of goodwill amortisation	3,433	-
– adjustment to share of net profits of associates accounted for using the equity method to account for the reversal of goodwill amortisation	229	-
– decrease in profit on disposal of associate accounted for using the equity method as a result of the reversal of goodwill amortisation	(229)	-
– adjustment to share of net profits of associates in respect of applying AIFRS to investments accounted for under the equity basis	1,708	-
– additional amortisation of deferred staff incentives*	(1,228)	(104)
– amortisation of options granted after 7 November 2002	(547)	(547)
– amortisation of shares issued to the Employee Share Purchase Plan	(193)	-
– adjustment to taxation as a result of adjustments above	195	195
Aggregate AIFRS adjustments – operating profit	3,368	(456)
– reversal of 'make good' provisions as a result of the recognition of make good provisions in the current period	662	662
– adjustment to taxation as a result of adjustment above	(199)	(199)
– adjustment in respect of capital losses utilised	(4,218)	(4,218)
Aggregate AIFRS adjustments – significant items	(3,755)	(3,755)
Net profit attributable to members of the parent entity under AIFRS	**119,135**	**171,923**

* Perpetual has historically expensed performance shares issued to staff, resulting in an expense of $8,931,000 (2004: $7,137,000) being recognised in the 2005 AGAAP Statement of Financial Performance. The adjustment above represents the additional amortisation of performance shares under AIFRS for the 2005 financial year.

Note 34. Remuneration details provided as part of the financial report

Disclosure requirements of AASB 1046: Director and executive disclosures by Disclosing Entities are provided in the Remuneration Report located on pages 49 to 75 of the Directors' Report. The following disclosures required under AASB 1046 are also required to be included in the Financial Report:
- Para 8.4 'Options and Rights holdings';
- Para 8.5 'Equity Holdings and Transactions';
- Para 9 'Disclosure of loans'; and
- Para 10 'Disclosures of other transactions'.

B4. Related party disclosures

No Specified Executives nor the Specified Director have entered into a material contract with the company or a member of the consolidated entity since the end of the previous financial year and there were no material contracts involving Perpetual's interests subsisting at the year end.

B11. Participation in equity programs

Executive Option Plan ('EOP') – Overview of the Plan

The EOP was approved at the 1998 Annual General Meeting.

Options are granted over unissued ordinary shares. The exercise price of the options, determined in accordance with the rules of the plan, is based on the weighted average price of Perpetual's shares traded during the five business days preceding the date of granting of the option.

No consideration is payable by the Specified Director or Specified Executives to acquire a grant of options. There are no voting or dividend rights attached to the option or the unissued ordinary share underlying the option.

Note 34. Remuneration details provided as part of the financial report (continued)

B11. Participation in equity programs (continued)

When exercisable, each option is convertible into one ordinary share of Perpetual Trustees Australia Limited. Options vest at the commencement of the exercise period and all vested options are exercisable. Options expire at the end of the exercise period. There are nil amounts unpaid on the shares issued as a result of the exercise of options. The details of the Executive Share Plan and the Executive Option Plan have been outlined in the Remuneration Report at A1 through to A5.

Table B11.1 Option holdings of the Specified Director and Specified Executives

Name	Grant date#	Exercise period	Exercise price $	Held at 1 July 2004	Movement during the year: Granted	Forfeited	Exercised	Held at 30 June 2005	Fair value per option at grant date[1] $	Fair value at exercise/ forfeiture date $
Specified Director										
D Deverall[2]	21 Oct 03	30 Jun 06 - 21 Oct 09	37.10	29,258	-	-	-	29,258	7.58	N/A
	1 Jul 04	1 Jul 07 - 1 Jul 10	47.08	-	29,736	-	-	29,736	9.83	N/A
	19 Oct 04	1 Jul 07 - 1 Jul 10	47.08	-	4,248	-	-	4,248	9.83	N/A
		Aggregate Value		$221,776	$334,063	-	-	$555,839		
Specified Executives										
G Doherty	1 Sep 99	1 Sep 02 - 1 Sep 05^	20.66	3,160	-	-	-	3,160	4.42	N/A
	1 Sep 99	1 Sep 03 - 1 Sep 05^	20.66	3,160	-	-	-	3,160	4.59	N/A
	1 Sep 99	1 Sep 04 - 1 Sep 05*	20.66	3,159	-	-	-	3,159	4.72	N/A
	25 Oct 00	25 Oct 03 - 25 Oct 06^	34.51	3,944	-	-	-	3,944	7.31	N/A
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	3,944	-	-	-	3,944	7.58	N/A
	25 Oct 00	25 Oct 05 - 25 Oct 06	34.51	3,945	-	-	-	3,945	7.79	N/A
	27 Feb 01	27 Feb 04 - 27 Feb 07^	36.90	18,820	-	-	-	18,820	7.29	N/A
	27 Feb 01	27 Feb 05 - 27 Feb 07*	36.90	18,820	-	-	-	18,820	7.52	N/A
	27 Feb 01	27 Feb 06 - 27 Feb 07	36.90	18,820	-	-	-	18,820	7.69	N/A
	31 Oct 01	31 Oct 04 - 31 Oct 07*	38.66	5,030	-	-	-	5,030	7.48	N/A
	31 Oct 01	31 Oct 05 - 31 Oct 07	38.66	5,030	-	-	-	5,030	7.71	N/A
	31 Oct 01	31 Oct 06 - 31 Oct 07	38.66	5,029	-	-	-	5,029	7.87	N/A
	28 Oct 02	28 Oct 05 - 28 Oct 08	32.46	33,333	-	-	-	33,333	6.59	N/A
	28 Oct 02	28 Oct 06 - 28 Oct 08	32.46	33,333	-	-	-	33,333	6.81	N/A
	28 Oct 02	28 Oct 07 - 28 Oct 08	32.46	33,334	-	-	-	33,334	6.98	N/A
		Aggregate Value		$1,351,607	-	-	-	$1,351,607		

* Vested during the year

^ Vested but not exercised at 30 June 2005

\# The grant date disclosed in the table above is determined in accordance with Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.

1 Equity Instruments issued have been valued by PricewaterhouseCoopers using a Binomial Option Pricing model at grant date.

2 Approval for the issue of options to David Deverall was obtained under ASX Listing Rule 10.14 at Perpetual's Annual General Meetings held on 20 October 2003 and 19 October 2004.

This note should be read in conjunction with the Remuneration Report located on pages 49 to 75 of the Directors' Report.

Note 34. Remuneration details provided as part of the financial report (continued)

Table B11.1 Option holdings of the Specified Director and Specified Executives (continued)

Name	Grant date#	Exercise period	Exercise price $	Held at 1 July 2004	Movement during the year: Granted	Forfeited	Exercised	Held at 30 June 2005	Fair value per option at grant date‡ $	Fair value at exercise/ forfeiture date $
Specified Executives										
E Gonzalez	1 Sep 99	1 Sep 02 - 1 Sep 05	20.66	1,665	-	-	1,665	-	4.42	41.46
	1 Sep 99	1 Sep 03 - 1 Sep 05	20.66	1,666	-	-	1,666	-	4.59	26.04
	1 Sep 99	1 Sep 04 - 1 Sep 05*	20.66	1,666	-	-	1,666	-	4.72	26.04
	25 Oct 00	25 Oct 03 - 25 Oct 06	34.51	4,025	-	-	4,025	-	7.31	12.19
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	4,025	-	-	4,025	-	7.58	12.19
	25 Oct 00	25 Oct 05 - 25 Oct 06	34.51	4,024	-	-	-	4,024	7.79	N/A
	27 Mar 01	27 Mar 04 - 27 Mar 07	37.91	9,159	-	-	9,159	-	7.44	24.21
	27 Mar 01	27 Mar 05 - 27 Mar 07*	37.91	9,159	-	-	-	9,159	7.67	N/A
	27 Mar 01	27 Mar 06 - 27 Mar 07	37.91	9,159	-	-	-	9,159	7.84	N/A
	31 Oct 01	31 Oct 04 - 31 Oct 07*	38.66	5,030	-	-	5,030	-	7.48	8.04
	31 Oct 01	31 Oct 05 - 31 Oct 07	38.66	5,030	-	-	-	5,030	7.71	N/A
	31 Oct 01	31 Oct 06 - 31 Oct 07	38.66	5,029	-	-	-	5,029	7.87	N/A
	28 Oct 02	28 Oct 05 - 28 Oct 08	32.46	33,333	-	-	-	33,333	6.59	N/A
	28 Oct 02	28 Oct 06 - 28 Oct 08	32.46	33,333	-	-	-	33,333	6.81	N/A
	28 Oct 02	28 Oct 07 - 28 Oct 08	32.46	33,334	-	-	-	33,334	6.98	N/A
		Aggregate Value		$1,119,665	-	-	$188,569	$931,096		
P Vernon	1 Sep 99	1 Sep 04 - 01 Sep 05*	20.66	269	-	-	269	-	4.72	41.46
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	1,368	-	-	1,368	-	7.58	27.61
	25 Oct 00	25 Oct 05 - 25 Oct 06	34.51	1,369	-	-	-	1,369	7.79	N/A
	31 Oct 01	31 Oct 04 - 31 Oct 07*	38.66	1,311	-	-	1,311	-	7.48	23.46
	31 Oct 01	31 Oct 05 - 31 Oct 07	38.66	1,311	-	-	-	1,311	7.71	N/A
	31 Oct 01	31 Oct 06 - 31 Oct 07	38.66	1,311	-	-	-	1,311	7.87	N/A
	28 Oct 02	28 Oct 05 - 28 Oct 08	32.46	3,092	-	-	-	3,092	6.59	N/A
	28 Oct 02	28 Oct 06 - 28 Oct 08	32.46	3,092	-	-	-	3,092	6.81	N/A
	28 Oct 02	28 Oct 07 - 28 Oct 08	32.46	3,093	-	-	-	3,093	6.98	N/A
		Aggregate Value		$115,557	-	-	$21,445	$94,112		

* Vested during the year

The grant date disclosed in the table above is determined in accordance with Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.

‡ Equity Instruments issued have been valued by PricewaterhouseCoopers using a Binomial Option Pricing model at grant date.

This note should be read in conjunction with the Remuneration Report located on pages 49 to 75 of the Directors' Report.

Note 34. Remuneration details provided as part of the financial report (continued)

Table B11.1 Option holdings of the Specified Director and Specified Executives (continued)

Name	Grant date#	Exercise period	Exercise price $	Held at 1 July 2004	Movement during the year: Granted	Forfeited	Exercised	Held at 30 June 2005	Fair value per option at grant date[1] $	Fair value at exercise/ forfeiture date $
Specified Executives who departed during or after the year										
R Boyer	1 Sep 99	1 Sep 02 - 1 Sep 05*	20.66	3,227	-	-	3,227	-	4.72	35.74
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	1,610	-	-	1,610	-	7.58	27.24
	25 Oct 00	22 Apr 05 - 21 Apr 06*	34.51	1,610	-	-	-	1,610	7.79	N/A
	31 Oct 01	31 Oct 04 - 31 Oct 07*	38.66	3,366	-	-	3,366	-	7.48	23.09
	31 Oct 01	22 Apr 05 - 21 Apr 06*	38.66	3,366	-	-	-	3,366	7.71	N/A
	31 Oct 01	22 Apr 05 - 21 Apr 06*	38.66	3,367	-	-	-	3,367	7.87	N/A
	28 Oct 02	22 Apr 05 - 21 Apr 06*	32.46	3,906	-	-	-	3,906	6.59	N/A
	28 Oct 02	22 Apr 05 - 21 Apr 06*	32.46	3,906	-	-	-	3,906	6.81	N/A
	28 Oct 02	22 Apr 05 - 21 Apr 06*	32.46	3,908	-	-	-	3,908	6.98	N/A
		Aggregate Value		$197,223	-	-	$52,613	$144,610		
P McAuley	31 Oct 01	31 Oct 04 - 31 Oct 07	38.66	1,446	-	1,446	-	-	7.48	8.54
	31 Oct 01	31 Oct 05 - 31 Oct 07	38.66	1,446	-	1,446	-	-	7.71	8.54
	31 Oct 01	31 Oct 06 - 31 Oct 07	38.66	1,445	-	1,445	-	-	7.87	8.54
		Aggregate Value		$33,337	-	$33,337	-	-		
J Couchman	25 Oct 00	25 Oct 03 - 25 Oct 06	34.51	795	-	-	795	-	7.31	27.61
	25 Oct 00	25 Oct 04 - 25 Oct 06*	34.51	795	-	-	795	-	7.58	27.61
	25 Oct 00	25 Oct 05 - 25 Oct 06	34.51	796	-	-	-	796	7.79	N/A
	28 Oct 02	28 Oct 05 - 28 Oct 08	32.46	1,036	-	-	-	1,036	6.59	N/A
	28 Oct 02	28 Oct 06 - 28 Oct 08	32.46	1,036	-	-	-	1,036	6.81	N/A
	28 Oct 02	28 Oct 07 - 28 Oct 08	32.46	1,035	-	-	-	1,035	6.98	N/A
		Aggregate Value		$39,145	-	-	$11,838	$27,307		

* Vested during the year

The grant date disclosed in the table above is determined in accordance with Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.

Messrs I Holyman, J Nesbitt and S Rowe do not hold options over Perpetual shares.

1. Equity Instruments issued have been valued by PricewaterhouseCoopers using a Binomial Option Pricing model at grant date.

This note should be read in conjunction with the Remuneration Report located on pages 49 to 75 of the Directors' Report.

Note 34. Remuneration details provided as part of the financial report (continued)

B11. Participation in equity programs (continued)

Executive Share Plan ('ESP') – Overview of the Plan

The ESP was originally approved by shareholders at the 1997 Annual General Meeting and amended at the 1999 Annual General Meeting.

The issue price of grants of shares is the weighted average of the prices at which Perpetual's shares were traded on the Australian Stock Exchange for the five days up to the date of issue or date of announcement to the market for relevant individuals. The shares are then either purchased on market or issued by the company to satisfy the grants made to executives and held in trust for a maximum of ten years. While shares are held by the trustee, the executives receive dividends and have voting rights. No consideration is actually payable by executives in order to acquire shares under the ESP, although executives can elect to take a portion of their STI in the form of shares under a bonus sacrifice arrangement. Shares acquired via a bonus sacrifice are not subject to performance hurdles as they are acquired in lieu of a cash payment by the company.

Table B11.2 Unvested share holdings of the Specified Director and Specified Executives

Name	Grant date#	Issue price $	Vesting date	Held at 1 July 2004	Movement during the year: Granted	Forfeited	Vested	Held at 30 June 2005	Fair value per share[1] TSR hurdle $	Fair value per share non-TSR hurdle $
Specified Director										
D Deverall[2]	22 Sep 03	37.10	21 Sep 04	7,861	-	-	7,861	-	25.60	37.10
	22 Sep 03	37.10	21 Sep 05	7,861	-	-	-	7,861	25.60	37.10
	22 Sep 03	37.10	21 Sep 06	7,862	-	-	-	7,862	25.60	37.10
	22 Sep 03	37.10	21 Sep 06	7,314	-	-	-	7,314	25.60	37.10
	1 Jul 04	47.08	30 Jun 07	-	7,434	-	-	7,434	32.49	47.08
	19 Oct 04	47.08	30 Jun 07	-	1,062	-	-	1,062	32.49	47.08
Aggregate Value				$1,146,316	$399,992	-	$291,643	$1,254,665		
Specified Executives										
G Doherty	27 Feb 01	36.90	27 Feb 05	1,355	-	-	1,355	-	N/A	36.90
	27 Feb 01	36.90	27 Feb 06	1,355	-	-	-	1,355	N/A	36.90
	20 Oct 02	32.46	28 Oct 04	4,621	-	-	4,621	-	N/A	32.46
	20 Oct 02	32.46	28 Oct 05	4,621	-	-	-	4,621	N/A	32.46
	20 Oct 02	32.46	28 Oct 06	4,621	-	-	-	4,621	N/A	32.46
	20 Oct 02	32.46	28 Oct 07	4,621	-	-	-	4,621	N/A	32.46
Aggregate Value				$699,990	-	-	$199,997	$499,993		
E Gonzalez	27 Mar 01	37.91	27 Mar 05	1,099	-	-	1,099	-	N/A	37.91
	27 Mar 01	37.91	27 Mar 06	1,099	-	-	-	1,099	N/A	37.91
	28 Oct 02	32.46	28 Oct 04	7,702	-	-	7,702	-	N/A	32.46
	28 Oct 02	32.46	28 Oct 05	7,702	-	-	-	7,702	N/A	32.46
Aggregate Value				$583,340	-	-	$291,670	$291,670		

The grant date disclosed in the table above is determined in accordance with the Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.

1 Certain grants of performance shares contain 50 per cent of the shares with a performance hurdle linked to TSR and 50 per cent of the shares granted with a performance hurdle linked to EPS hurdles. Where applicable the fair value of shares with a TSR performance hurdle are disclosed. The fair value of TSR linked shares is calculated by PricewaterhouseCoopers using the binomial valuation method.

2 Approval for the issue of shares to David Deverall was obtained under ASX Listing Rule 10.14 at Perpetual's Annual General Meetings held on 20 October 2003 and 19 October 2004.

This note should be read in conjunction with the Remuneration Report located on pages 49 to 75 of the Directors' Report.

Note 34. Remuneration details provided as part of the financial report (continued)

Table B11.2 Unvested share holdings of the Specified Director and Specified Executives (continued)

Name	Grant date#	Issue price $	Vesting date	Held at 1 July 2004	Movement during the year: Granted	Forfeited	Vested	Held at 30 June 2005	Fair value per share TSR hurdle[1] $	Fair value per share non-TSR hurdle $
Specified Executives										
I Holyman	1 Oct 04	49.67	1 Oct 07	-	3,553	-	-	3,553	34.27	49.67
Aggregate Value				-	$176,478	-	-	$176,478		
J Nesbitt	19 Apr 04	42.77	1 Mar 05	3,039	-	-	3,039	-	N/A	42.77
	19 Apr 04	42.77	19 Apr 07	1,752	-	-	-	1,752	29.51	42.77
	1 Oct 04	49.67	1 Oct 07	-	3,553	-	-	3,553	34.27	49.67
Aggregate Value				$204,911	$176,478	-	$129,978	$251,411		
S Rowe	17 Jan 05	50.56	17 Jan 06	-	692	-	-	692	34.89	50.56
	17 Jan 05	50.56	17 Jan 07	-	693	-	-	693	34.89	50.56
	17 Jan 05	52.97	17 Jan 08	-	1,662	-	-	1,662	36.55	52.97
Aggregate Value				-	$158,062	-	-	$158,062		
P Vernon	27 Jun 03	30.79	27 Jun 05	2,030	-	-	2,030	-	N/A	30.79
	27 Jun 03	30.79	27 Jun 06	4,059	-	-	-	4,059	N/A	30.79
	1 Oct 04	49.67	1 Oct 07	-	2,013	-	-	2,013	34.27	49.67
Aggregate Value				$187,480	$99,986	-	$62,504	$224,962		
Specified Executives who have departed during the year										
J Couchman	1 Oct 04	49.67	1 Oct 2007	-	947	-	-	947	34.27	49.67
Aggregate Value				-	$47,037	-	-	$47,037		

The grant date disclosed in the table above is determined in accordance with the Accounting Standard AASB 1046: Director and Executive Disclosures by Disclosing Entities.

1 Certain grants of performance shares contain 50 per cent of the shares with a performance hurdle linked to TSR and 50 per cent of the shares granted with a performance hurdle linked to EPS hurdles. Where applicable the fair value of shares with a TSR performance hurdle are disclosed. The fair value of TSR linked shares is calculated by PricewaterhouseCoopers using the binomial valuation method.

Messrs Boyer and McAuley did not hold unvested shares at the beginning or end of the year.

This note should be read in conjunction with the Remuneration Report located on pages 49 to 75 of the Directors' Report.

Note 34. Remuneration details provided as part of the financial report (continued)

Table B11.3 Vested Share holdings of the Specified Director and Specified Executives

Name	Balance at the start of the year No. of shares	LTI shares vesting in the year No. of shares	Other changes during the year No. of shares	Balance at the end of the year* No. of shares
Specified Director				
D Deverall	-	7,861	252	8,113
Specified Executives				
G D Doherty	12,153	5,976	8,161	26,290
E Gonzalez	19,643	8,801	27,236	55,680
I D Holyman	-	-	-	-
P J Nesbitt	-	3,039	-	3,039
S J Rowe	-	-	-	-
P A Vernon	5,651	2,030	(5,651)	2,030
Specified Executives who departed during the year or since the end of the year				
R Boyer	6,820	-	(1,933)	4,887
J L Couchman	644	-	-	644
P T McAuley	1,784	-	-	1,784

*or date of departure for Specified Executives that departed in the year.

Other changes during the year include shares acquired via a bonus sacrifice. In 2005 the following executives sacrificed a portion of their bonus to shares: D M Deverall 15,252 shares (15,000 subsequently disposed of in the year) and G D Doherty 8,161 shares. The 'other changes' for E Gonzalez relate to 27,236 shares acquired as a result of the exercise of employee options (see table B11.1).

B12. Loans to Specified Executives under the ESPP

All Perpetual employees, including Specified Executives but excluding the Specified Director, were eligible to participate in the ESPP (refer to note 23 for details of the operation of this plan). The ESPP no longer operates and no further issues of shares will be made under this plan. Aggregate loans to Specified Executives are set out below.

Name	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged[1] $	Balance at the end of the year $
Specified Executives				
G D Doherty	19,994	-	2,731	17,042
E Gonzalez	22,898	-	3,016	17,992
I D Holyman	-	-	-	-
P J Nesbitt	-	-	-	-
S J Rowe	-	-	-	-
P A Vernon	18,201	-	2,518	15,946
Specified Executives who departed during the year or since the end of the year				
R Boyer	25,447	-	1,877	-
J L Couchman	18,214	-	2,485	15,487
P T McAuley	14,016	-	1,378	-
	118,770			66,467

1 Interest not charged has been calculated at 14.75 per cent on the weighted average loan balance as at 30 June 2005 and 30 June 2004 or, for terminated Specified Executives, on the pro-rata loan balances for the period up to six months from the date of leaving employment. The terms of these loans are discussed in more detail in note 23.

The loans were available to Specified Executives but not to the Specified Director or Non-Executive Directors.

Messrs Holyman, Nesbitt and Rowe had nil loans at the beginning and end of the period.

This note should be read in conjunction with the Remuneration Report located on pages 49 to 75 of the Directors' Report.

Note 34. Remuneration details provided as part of the financial report (continued)

Section C — Remuneration of Non-Executive Directors (continued)

C3. Share plan and holdings

In accordance with the company's constitution, non-executive directors are required to acquire a minimum of 500 Perpetual shares on appointment and at least 1,000 shares when they have held office for three years or more.

Under the share purchase plan for non-executive directors that was approved by shareholders on 20 October 1998, non-executive directors may sacrifice up to 50 per cent of their directors' fees to acquire shares in Perpetual. Because shares purchased are on a salary sacrifice basis, performance conditions are not attached to these shares. Shares are purchased on a quarterly basis and disposal is restricted for ten years or until the director retires. Non-executive directors do not receive share options.

Directors' individual shareholdings are set out below.

	Balance at the start of the year, or for directors appointed in the year, the date of appointment	Shares acquired via salary sacrifice during the year#	Other changes during the year	Balance at the end of the year or, for directors who retired in the year, the date of retirement
Director				
C P Curran	72,718	2,419	-	75,137
B L Boezeman	2,569	85	-	2,654
M J Brooks*	-	-	500	500
W G Kent	10,695	859	-	11,554
E P McClintock	1,500	-	1,000	2,500
S V McPhee	1,000	1,153	-	2,153
L B Nicholls	6,788	859	-	7,647
R M Savage	2,339	429	-	2,768
P J Twyman*	-	585	1,000	1,585
Directors who retired in the period				
S J Chapman	6,344	208	-	6,552
J S Curtis	9,221	-	-	9,221

* Directors appointed in the year
\# Shares are acquired or issued quarterly in arrears

C4. Retirement policy

Directors who have been in office for three years since their last appointment must retire and seek re-election at the company's Annual General Meeting.

In order to revitalise the board, non-executive directors agree not to seek re-election after three terms of three years. The board may invite a non-executive director to continue in office beyond nine years if this would be advantageous for reasons such as board leadership or continuity.

C5. Retirement allowance

Details of the retirement scheme

Non-executive directors appointed prior to 1 July 2003 are entitled to retirement benefits under a scheme approved by shareholders in 1990 and revised and approved at the Annual General Meeting in 2001. Benefits are related to years of service and provisions are accrued each year for these entitlements. This scheme was specifically designed to support the board's retirement policy (see above).

This note should be read in conjunction with the Remuneration Report located on pages 49 to 75 of the Directors' Report.

Note 34. Remuneration details provided as part of the financial report (continued)

Section C — Remuneration of Non-Executive Directors (continued)

Details of the retirement scheme (continued)

The board discontinued this retirement scheme for new non-executive directors appointed after 1 July 2003. Benefits will continue to accrue to existing non-executive directors under the existing scheme.

The retirement allowance is calculated based on the years of service provided to a maximum of fifteen years, in accordance with the following accrual table:

Length of service	Multiple applicable
3 years	1.33 years' fees
6 years	2.67 years' fees
9 years	4 years' fees
12 years	4.5 years' fees
15 years	5 years' fees

Non-executive directors appointed after 1 July 2003 receive increased board fees and superannuation guarantee contributions made on their behalf but do not receive the retirement allowance.

In August 2005, on the recommendation of the board, the trustee of the scheme resolved to discontinue the retirement scheme following the retirement of three directors in October 2005. The trustee also resolved to crystallise the benefits for continuing non-executive directors as at 18 October 2005 and transfer those benefits into an appropriate complying superannuation fund. Accordingly, with effect from 18 October 2005 all non-executive directors will receive minimum superannuation guarantee contributions only.

This note should be read in conjunction with the Remuneration Report located on pages 49 to 75 of the Directors' Report.

Note 35. Exact Market Cash Fund

The Exact Market Cash Fund (the 'fund') was established during the financial year with the purpose of providing an exact return that matched the UBS Bank Bill rate (the 'benchmark index') to investors in the fund. The exact return is guaranteed by Perpetual via the use of a total return swap between the 100 per cent owned Perpetual Australia Pty Limited and the fund. The National Australia Bank Limited has provided the fund with a guarantee to the value of $20 million to be called upon in the event that Perpetual is unable to meet its obligations under the swap agreement.

The fund invests in Perpetual's Credit Enhanced Cash Fund (AA) which has a Standard & Poor's credit rating of 'AAf'. Perpetual's Credit Enhanced Cash Fund (AA) cannot invest in securities which have a Standard & Poor's credit rating below BBB-.

Perpetual's Credit Enhanced Cash Fund (AA) can invest in assets directly or indirectly by investing in other Perpetual managed funds that have similar investment objectives and authorised investments including Perpetual's Credit Enhanced Cash Fund (A) which has a Standard & Poor's credit rating of 'Af'.

The investment managers (the 'managers') of the collective investment vehicles also enter into a variety of financial instruments, including derivatives, which expose the fund's investments to a variety of risks, including market risk, credit risk and interest rate risk.

The funds' investment managers provide regular reports on the funds' investments to the trustee.

Directors' Declaration

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

(a) the Financial Statements and notes, set out on pages 80 to 137, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the company and consolidated entity as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date;

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2005.

Signed in accordance with a resolution of the directors:

Charles P. Curran AO	David M. Deverall
Director	Director

Dated at Sydney 18 August 2005

Independent audit report to the members of Perpetual Trustees Australia Limited

Scope

We have audited the financial report of Perpetual Trustees Australia Limited (the 'company') for the financial year ended 30 June 2005, consisting of the Statements of Financial Performance, Statements of Financial Position, Statements of Cash Flows, accompanying notes 1 to 35, the disclosures made by the company in accordance with the Corporations Regulations 2001, including the disclosures as required by AASB 1046: Director and Executive Disclosures by Disclosing Entities, in the Remuneration Report in pages 49 to 75 of the Directors' Report ('remuneration disclosures') and the Directors' Declaration set out on pages 80 to 138. The Financial Report includes the Consolidated Financial Report of the consolidated entity, comprising the company and the entities it controlled at the end of the year or from time to time during the financial year. The company's directors are responsible for the Financial Report and the Remuneration Report. We have conducted an independent audit of this Financial Report and of the remuneration disclosures in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows and whether the remuneration disclosures comply with Accounting Standard AASB 1046 and the Corporations Regulations 2001.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the Financial Report, including the remuneration disclosures that are contained in the Remuneration Report in pages 49 to 75 of the Directors' Report, of Perpetual Trustees Australia Limited, is in accordance with:

a) the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2005 and of their performance for the financial year ended on that date; and

ii. complying with Accounting Standards in Australia including AASB 1046: Director and Executive Disclosures by Disclosing Entities and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KPMG

KPMG

Dr Andries Terblanché
Partner

Dated at Sydney 18 August 2005

List of investments as at 30 June 2005

	Market value $'000
Listed company	
Australia and New Zealand Banking Group	7,096
BHP Billiton Limited	4,628
Boral Limited	2,268
Brickworks Limited	5,724
Commonwealth Bank of Australia	4,175
Fosters' Group Limited	1
National Australia Bank	7,947
Publishing & Broadcasting Limited	4,186
Rinker Group Limited	11,173
Rio Tinto Limited	4,956
Rural Press Limited	1,592
Rural Press Limited Preference	58
Westpac Banking Group	7,122
	60,926
Unlisted investments	
Investor Marketplace Pty Ltd	53
Perpetual Diversified Infrastructure Fund	3,090
Perpetual JF Wholesale Property Income Fund	5,100
Perpetual's Wholesale Geared Australian Fund	6,123
Perpetual Small Companies Analysts Fund	4,925
Perpetual's Investor Choice Fund	7,451
Perpetual's Wholesale Balanced Growth Fund	722
Perpetual's Wholesale Ethical SRI Fund	6,740
Perpetual's Wholesale Quantitative Investments Alpha TE2 Fund	8,093
Perpetual's Wholesale SHARE-PLUS Fund	8,428
	50,725
Total investments	111,651

Stock exchange and investor information

2005 Annual General Meeting
The 2005 Annual General Meeting of the company will be held in the Heritage Ballroom, Level 6, The Westin Hotel, No. 1 Martin Place, Sydney on 18 October 2005, commencing at 11:00 am.

Stock exchange listing
The ordinary shares of Perpetual Trustees Australia Limited are listed on the Australian Stock Exchange under the ASX code PPT, with Sydney being the home exchange. Details of trading activity are published in most daily newspapers.

Substantial shareholders
There were no shareholders appearing on the company's register of substantial shareholders as at 31 July 2005.

Statement of shareholdings

Distribution schedule of holdings as at 31 July 2005	Number of holders	Number of shares
1 - 1,000 shares	13,019	5,150,281
1,001 - 5,000 shares	3,001	6,789,359
5,001 - 10,000 shares	424	3,047,033
10,001 - 100,000 shares	306	6,497,630
100,001 and over shares	36	18,633,296
Total	**16,786**	**40,117,599**
Number of shareholders with less than a marketable parcel:	74	297

Top twenty shareholders as at 31 July 2005

Name	Number of shares	Percentage of issued capital
National Nominees Limited	2,369,351	5.91%
J P Morgan Nominees Australia Limited	2,354,699	5.87%
Queensland Trustees Pty Limited*	2,122,013	5.29%
Westpac Custodian Nominees Ltd	1,999,429	4.98%
Citicorp Nominees Pty Ltd	1,140,690	2.84%
UBS Nominees Pty Ltd	845,306	2.11%
ANZ Nominees Limited	687,722	1.71%
Queensland Investment Corporation	682,380	1.70%
Abacus Corporate Trustee Ltd*	590,326	1.47%
Perpetual Trustee Company Limited*	568,341	1.42%
Milton Corporation Limited	557,150	1.39%
Washington H Soul Pattinson & Co Ltd	529,598	1.32%
Australian Foundation Investment Company Limited	500,000	1.25%
Bond Street Custodians Limited	475,696	1.19%
Cogent Nominees Pty Limited	452,688	1.13%
Argo Investments Limited	350,880	0.87%
UBS Private Clients Australia Nominees Pty Ltd	348,824	0.87%
HSBC Custody Nominees (Australia) Limited	339,657	0.85%
Enbeear Pty Ltd	310,678	0.77%
IAG Nominees Pty Limited	308,652	0.77%
Total	**17,534,080**	**43.71%**

* Held in capacity as executor, trustee or agent.

Stock exchange and investor information (continued)

Voting rights
Under the company's constitution, each member present at a general meeting (whether in person, by proxy, attorney or corporate representative) is entitled:

— on a show of hands to one vote; and
— on a poll to one vote for each share held.

If a member is present in person, any proxy of that member is not entitled to vote.

Voting by proxy
Voting by proxy allows shareholders to express their views on the direction and management of the economic entity without attending a meeting in person.

Shareholders who are unable to attend the 2005 Annual General Meeting are encouraged to complete and return the proxy form that accompanies the notice of meeting enclosed with this report.

On market buy back
There is no current on market buy back.

Final and special dividend
The final dividend of 130 cents per share and a special dividend of 100 cents per share will be paid on 12 September 2005 to shareholders entitled to receive dividends and registered on 29 August 2005 being the record date.

Enquiries
If you have any questions about your shareholding or matters such as dividend payments, tax file numbers or change of address you are invited to contact the company's share registry office below, or visit their website at **www.asxperpetual.com.au**

ASX Perpetual Registrars Limited
Level 8, 580 George Street
Sydney NSW 2000
Telephone (02) 8280 7111
Facsimile (02) 9287 0303

ASX Perpetual Registrars Limited
Locked Bag A14
Sydney South NSW 1235

Any other enquiries which you may have about the company, can be directed to the company's registered office or visit the company's website.

Registered Office
Level 7, 39 Hunter Street
Sydney NSW 2000
Telephone (02) 9229 9000
Facsimile (02) 9232 8936

Company Secretary
Joanne Hawkins

Website address
www.perpetual.com.au

Key dates for shareholders

Annual General Meeting – 2005	18 October 2005
Half year end	31 December 2005
Interim profit and dividend announcement	22 February 2006*
Payment of interim dividend	March 2006
Full year end	30 June 2006
Final profit and dividend announcement	17 August 2006*
Annual report mailed to shareholders	September 2006
Final dividend payment	September 2006
Annual General Meeting – 2006	17 October 2006*

* Date subject to change

Perpetual Trustees Australia Limited – Five year performance table

Performance measures	Units	2001[6]	2002[6]	2003[6]	2004	2005	Growth Rate[1]
Revenue from trading operations[2]	$m	290.9	248.2	267.8	295.2	340.2	4.0%
Net investment income	$m	9.2	8.4	11.0	10.8	11.5	5.7%
Total revenue	$m	300.1	256.6	278.8	306.0	351.7	4.0%
EBITDA[3]	$m	82.0	100.7	113.6	143.6	171.1	20.2%
Profit from trading[4] before tax	$m	48.7	75.3	85.1	115.2	146.9	31.8%
Profit margin from trading	%	16.7	30.3	31.8	39.0	43.2	N/A
Operating profit before tax[3]	$m	57.9	83.7	96.1	126.0	158.4	28.6%
Operating profit after tax (OPAT)[3]	$m	40.7	58.7	68.2	88.2	111.6	28.7%
Profit after tax	$m	54.9	75.6	78.2	90.4	119.5	21.5%
Earnings per share (OPAT)[3]	cents	109.2	155.3	180.6	232.2	289.4	27.6%
Earnings per share	cents	147.4	199.9	207.1	237.8	309.8	20.4%
Return on average shareholders' equity	%	25.4	30.8	28.7	30.0	34.9	N/A
Dividend per share – normal[5]	cents	85.0	110.0	130.0	150.0	260.0	32.2%
Dividend per share – special[5]	cents	–	50.0	50.0	250.0	100.0	N/A
Total shareholders' equity	$m	234.2	256.6	287.4	315.4	370.0	12.1%
Capital expenditure	$m	26.2	12.7	7.5	5.7	9.3	N/A
Share price at 30 June	$	40.91	42.90	30.70	46.99	57.43	8.8%
Share price range for year	$low	25.60	33.00	25.10	29.90	44.80	N/A
	$high	41.00	48.60	43.40	48.20	68.50	N/A

1 Compound annual growth rate.

2 Excludes revenue attributable to the Global Equities Strategic Initiative.

3 Excludes gains on sale of investments, sale of building and costs of major strategic initiatives.

4 Profit from trading excludes investment income, gains on sale of investments, sale of building and costs of major strategic initiatives.

5 Dividends declared with respect to the financial year.

6 Adjusted to reflect revenue re-classification effective in 2004.

Appendix A1 – Statement of Financial Performance for the year ended 30 June 2005 adjusted for the removal of the Exact Market Cash Fund

	Note	Consolidated 2005 $'000	Consolidated 2004 $'000
Revenue from the provision of services		342,067	295,179
Investment income		11,452	10,794
	2	353,519	305,973
Expenses			
Staff related expenses		(137,527)	(104,060)
Occupancy expenses		(9,570)	(5,627)
Administrative and general expenses		(60,298)	(52,709)
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding sales of investments, land and building		146,124	143,577
Interest expense		(2,488)	(2,497)
Depreciation and amortisation expense	3	(9,560)	(13,176)
Goodwill amortisation expense	3	(3,433)	(3,794)
		(15,481)	(19,467)
Proceeds from sale of investments, land and building		79,066	11,844
Cost of sale of investments, land and building		(42,129)	(9,697)
Profit on disposal of investments, land and building	3 and 4	36,937	2,147
Share of net profits of associates accounted for using the equity method	29	788	1,925
Profit from ordinary activities before income tax expense		**168,368**	**128,182**
Income tax expense on ordinary activities		(44,023)	(37,796)
Income tax on sale of investments, land and building		(4,823)	-
Income tax expense attributable to profit	7	**(48,846)**	**(37,796)**
Net profit attributable to members of the parent entity	4 and 7	**119,522**	**90,386**
Non-owner transaction changes in equity			
Decrease in asset revaluation reserve		-	(715)
Net exchange difference transferred to foreign currency translation reserve		48	-
		48	(715)
Total changes in equity other than those resulting from transactions with owners as owners		**119,570**	**89,671**
Basic earnings per share – cents per share	9	**309.8**	**237.8**
Diluted earnings per share – cents per share	9	**307.0**	**236.3**

The Statements of Financial Performance are to be read in conjunction with the Notes to the Financial Statements.

Appendix A2 – Statement of Financial Position as at 30 June 2005 adjusted for the removal of the Exact Market Cash Fund

		Consolidated	
	Note	2005 $'000	2004 $'000
Current assets			
Cash assets	10	167,891	163,368
Receivables	11	81,784	47,874
Other financial assets	12	711	485
Prepayments and deferred staff incentives	16	15,544	12,367
Total current assets		265,930	224,094
Non-current assets			
Receivables	11	6,218	13,603
Investments accounted for using the equity method	29	30,771	38,776
Other financial assets	12	59,448	64,407
Property, plant and equipment	13	12,255	34,455
Intangibles	14	48,437	51,870
Deferred tax assets	15	17,600	16,367
Deferred staff incentives	16	87,985	11,849
Total non-current assets		262,714	231,327
Total assets		528,644	455,421
Current liabilities			
Payables	17	54,253	46,679
Current tax liabilities		17,946	15,596
Provisions	19	35,831	26,229
Total current liabilities		108,030	88,504
Non-current liabilities			
Interest-bearing liabilities	18	45,000	45,000
Deferred tax liabilities		300	364
Provisions	19	5,314	6,196
Total non-current liabilities		50,614	51,560
Total liabilities		158,644	140,064
Net assets		370,000	315,357
Equity			
Contributed equity	20	226,020	132,853
Reserves	21	56,600	87,633
Retained profits	22	87,380	94,871
Total equity		370,000	315,357

The Statements of Financial Position are to be read in conjunction with the Notes to the Financial Statements.

Appendix A3 – Segment Report for the year ended 30 June 2005 adjusted for the removal of the Exact Market Cash Fund

	Wealth Management				
30 June 2005	Wealth Management $'000	Establishment of Global Equities $'000	Corporate Trust $'000	Group and Support Services $'000	Consolidated $'000
Total revenue	282,956	1,963	57,138	11,462	353,519
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding sales of investments, land and building	145,408	(20,130)	30,286	(9,440)	146,124
Depreciation	(5,088)	(99)	(1,252)	(3,121)	(9,560)
Segment result	140,320	(20,229)	29,034	(12,561)	136,564
Interest expense					(2,488)
Goodwill amortisation expense					(3,433)
Profit on disposal of investments, land and building					36,937
Share of net profits of associates					788
Income tax expense					(48,846)
Net profit					**119,522**
Assets					
Segment assets	168,441	19,254	18,008	292,170	497,873
Equity accounted investments	-	-	-	30,771	30,771
Total assets	168,441	19,254	18,008	322,941	528,644
Total liabilities	(50,257)	(4,069)	(3,287)	(101,031)	(158,644)
Net assets	**118,184**	**15,185**	**14,721**	**221,910**	**370,000**
Acquisitions of non-current assets	2,213	223	724	6,108	9,268

	Wealth Management				
30 June 2004	Wealth Management $'000	Establishment of Global Equities $'000	Corporate Trust $'000	Group and Support Services $'000	Consolidated $'000
Total revenue	245,810	-	49,357	10,806	305,973
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding sales of investments, land and building	115,401	-	25,937	2,239	143,577
Depreciation	(9,809)	-	(1,673)	(1,694)	(13,176)
Segment result	105,592	-	24,264	545	130,401
Interest expense					(2,497)
Goodwill amortisation expense					(3,794)
Profit on disposal of investments, land and building					2,147
Share of net profits of associates					1,925
Income tax expense					(37,796)
Net profit					**90,386**
Assets					
Segment assets	144,901	-	55,565	216,179	416,645
Equity accounted investments	-	-	-	38,776	38,776
Total assets	144,901	-	55,565	254,955	455,421
Total liabilities	(52,790)	-	(4,773)	(82,501)	(140,064)
Net assets	**92,111**	**-**	**50,792**	**172,454**	**315,357**
Acquisitions of non-current assets	1,972	-	503	3,232	5,707

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