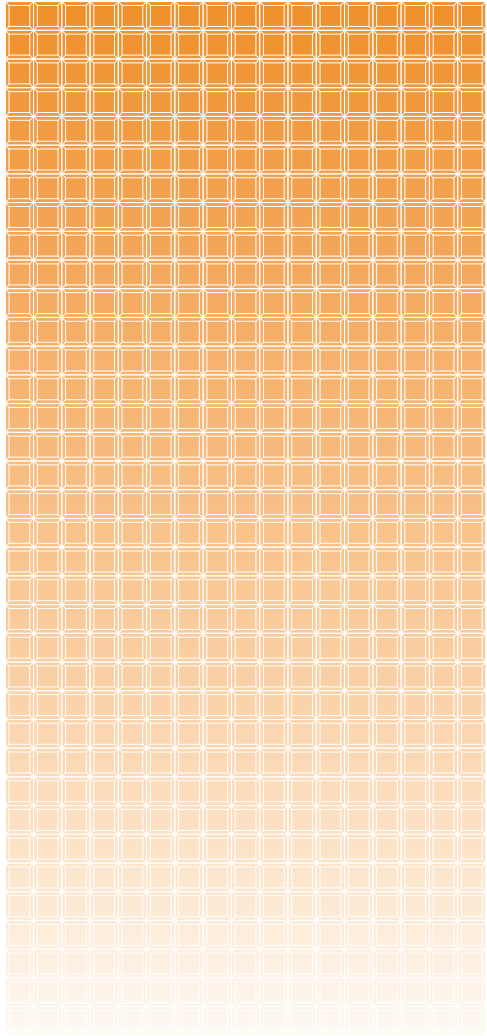




BT Institutional Retirement PST

Annual Report for Year Ended
30 June 2007





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About BT Financial Group

BT Financial Group (BT) has been helping Australians create and manage wealth since 1969. BT's core business is providing investment, margin lending, superannuation and retirement income products. As at 30 June 2007, BT managed and administered over \$85 billion in funds. In both Australia and New Zealand, BT provides a diverse range of investment choices, including funds managed by BT's own team and through alliances with global investment managers.

BT is the investment management arm of the Westpac Group. Westpac has been delivering banking and other financial services to Australians since 1817.

This annual report is dated 14 December 2007.

→ **Welcome to your
2006/2007 Annual Report**

Dear member

I am pleased to bring to you the annual report for your superannuation fund for 2006/2007. It's been another good year for investors in Australia and, more specifically, those invested in superannuation — with major changes making super one of the best investments you can make for your future.

From 1 July this year, superannuation has been simplified, with much better incentives for all working Australians to start saving more for their life after work — no matter how far away that might be.

This simplification should mean you can now concentrate on the important issues — like where and how your super is invested, when you'll need it, and whether you'll have enough.

Your superannuation investment is important to our team here at BT as well. We continue to work hard throughout the year to drive strong returns on your investment and to improve the management of your fund and the features and benefits it provides — and I'd like to give you an overview of some of those things here.

Strong returns

It was yet another good year for markets, both here and overseas, thanks mainly to a strong global economy and a significant pick-up in merger and acquisition activity worldwide. Once again, the Australian share market was a standout performer as it continued to benefit from ongoing global growth, higher commodity prices and strong company profits. And the good news for investors is that the strength in the local market over the last 12 months has fed through into the performance of many of our superannuation investment options.

For the year ahead, our outlook for share markets remains positive. Growth here in Australia and overseas looks set to continue, and we believe this has the potential to underpin further investment gains for our superannuation investors.

→ **Welcome to your
2006/2007 Annual Report
(continued)**

Award-winning funds and service

Our investment performance and the quality of our funds continues to be recognised publicly with BT being awarded Fund Manager of the Year at the 2006 *Australian Financial Review Smart Investor Blue Ribbon Awards*, as well as several awards at the Standard & Poor's 2006 Fund Awards, including Best Australian Equities Fund. Our ethical fund also won Ethical Fund of the Year for the second time in three years at the 2007 *Australian Sustainability Awards*.

But we're not resting on our laurels. Our focus is on getting the best returns we can for you on the hard-earned money you invest in your BT super — and continuing to improve the quality of information and support we provide to you. We're always interested in what you have to say — and our award-winning BT Customer Relations team would love to hear from you on 1800 813 886 if you have any feedback. They can also help you with any questions you have about the annual report or your investment generally.

I'd like to take this opportunity to thank you for your continued support of BT. We take what we do very seriously. We know what we do on a daily basis can help you make the best of your future. Your super is an important investment and — rather than thinking of it as something that you just 'set and forget' — I'd encourage you to think of it as a lifelong project that can be actively managed to your advantage.

Best regards for a great year ahead.

A handwritten signature in black ink, appearing to read 'Rob Coombe', with a stylized flourish at the end.

Rob Coombe
Chief Executive Officer
BT Financial Group

→ **Performance overview**

	Inception date	One year returns to 30 June			3 yr compound average return to 30 June 2007 (%)
		2007 (%)	2006 (%)	2005 (%)	
BT Institutional Retirement PST^{1,2}	October 1971	14.86	17.17	16.07	16.03

1_ Performance figures are calculated in accordance with the Investment & Financial Services Association (IFSA) standards. Total returns are calculated:

- using withdrawal prices appropriate for the month end; and
- taking into account management costs of the relevant investment option; and
- taking into account earnings tax up to a maximum of 15% plus withholding tax paid on foreign income (if any).

Investment returns are historical. Investment returns can move up or down and past performance is not necessarily indicative of future performance. Future performance is not guaranteed.

2_ The asset allocation neutral position, asset allocation ranges and the benchmark have changed over time. As it is historical information, the Fund performance reflects the asset allocation neutral positions and ranges that have applied over time.

→ **Fund profile**

BT Institutional Retirement PST																												
Investment objective	The Fund aims to provide a return (before fees, tax and expenses) that exceeds the Fund's benchmark ¹ over the long term through stock selection and asset allocation..																											
Investment strategy	The Fund is an actively managed diversified portfolio comprised of Australian and international shares, Australian and international property securities, Australian and international fixed interest, cash and alternative investments. The portfolio has a significant weighting towards growth assets.																											
Recommended investment timeframe	5 years or more																											
Fund size²	\$22.70 million																											
How was the Fund invested³ % at 30 June 2007?	<table border="1"> <tbody> <tr> <td>Australian shares</td> <td></td> <td>35.84</td> </tr> <tr> <td>International shares</td> <td></td> <td>21.69</td> </tr> <tr> <td>Australian property</td> <td></td> <td>5.79</td> </tr> <tr> <td>International property</td> <td></td> <td>3.30</td> </tr> <tr> <td>Australian fixed interest</td> <td></td> <td>16.65</td> </tr> <tr> <td>International fixed interest</td> <td></td> <td>4.49</td> </tr> <tr> <td>Cash</td> <td></td> <td>2.24</td> </tr> <tr> <td>Alternative investments</td> <td></td> <td>10</td> </tr> </tbody> </table>	Australian shares		35.84	International shares		21.69	Australian property		5.79	International property		3.30	Australian fixed interest		16.65	International fixed interest		4.49	Cash		2.24	Alternative investments		10			
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Asset allocation neutral position⁴ % (NP) and range	<table border="1"> <thead> <tr> <th></th> <th>NP</th> <th>Range</th> </tr> </thead> <tbody> <tr> <td>Australian shares</td> <td>38</td> <td>28 - 48</td> </tr> <tr> <td>International shares</td> <td>20</td> <td>12 - 32</td> </tr> <tr> <td>Australian property</td> <td>5</td> <td>0 - 10</td> </tr> <tr> <td>International property</td> <td>3</td> <td>0 - 10</td> </tr> <tr> <td>Australian fixed interest</td> <td>17</td> <td>5 - 32</td> </tr> <tr> <td>International fixed interest</td> <td>7</td> <td>0 - 20</td> </tr> <tr> <td>Cash</td> <td>2</td> <td>0 - 10</td> </tr> <tr> <td>Alternative investments⁵</td> <td>8</td> <td>0 - 20</td> </tr> </tbody> </table>		NP	Range	Australian shares	38	28 - 48	International shares	20	12 - 32	Australian property	5	0 - 10	International property	3	0 - 10	Australian fixed interest	17	5 - 32	International fixed interest	7	0 - 20	Cash	2	0 - 10	Alternative investments ⁵	8	0 - 20
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¹ The benchmark for the Fund is created from a blend of indices based on the Fund's exposure to different asset classes. The benchmark is calculated by using the weighted average asset allocation neutral position and the index returns for each asset class. Further information on these indices can be found online at www.bt.com.au or by contacting BT Customer Relations.

² Fund size is at 30 June 2007.

³ In preparing the Fund investment information, we use the effective exposure, which is the percentage of the gross assets held in each asset class including the impact of derivative positions. Market exposure of the Fund may change significantly each day. Effective exposure means the exposure to each asset class when derivative positions are included.

⁴ The asset allocation neutral position is the starting point for all asset allocation decisions. The Investment manager may adjust the exposure within the specified minimum and maximum ranges (as shown) based on investment views.

⁵ Alternative investments include, but are not limited to, venture and development capital, private equity, leveraged and management buyouts, commodities and investment strategies that seek to deliver positive returns regardless of market conditions (such as hedge funds).

Investment Managers

The investment managers in the BT Institutional Retirement PST are outlined below.

Asset class	Investment manager
Australian shares	BT Financial Group
Australian property securities	BT Financial Group
Australian fixed interest	BT Financial Group
Australian alternative investments	BT Financial Group
International shares	AQR Capital Management, LLC
International property	AEW Capital Management LP
International fixed interest	Principal Global Investors (Australia) Limited
International alternative investments	Grosvenor Capital Management, L.P.

Fees

The Indirect Cost Ratio (ICR) for the Fund for the 2006/2007 financial year was 0.77%pa. The ICR is a measure of the Fund's management costs not deducted directly from an investor's account. It includes the management fees we charge, certain fees charged by other investment managers we appoint and other expense recoveries where applicable.

We are entitled to be reimbursed for expenses we incur in the proper performance of our duties. These expense recoveries represent a reimbursement from the Fund to cover those expenses incurred by us in connection with the day to day operation of the Fund. Such recoverable expense include registry costs, investment management expenses, printing, and certain direct expenses such as overseas custodian charges and audit fees.

At the date of this report these expense recoveries are charged back to the Fund.

Please refer to your periodic statement for any direct fees and charges during the year ended 30 June 2007.

Further information on any fees and expenses associated with your investment is available on www.bt.com.au or by contacting BT Customer Relations.

→ **Additional Information**

Who is the Trustee?

The Trustee of the BT Institutional Retirement PST is:
BT Funds Management Limited
ABN 63 002 916 458, AFSL 233724, RSE L0001090
Registered office:
Level 20, Westpac Place
275 Kent Street
Sydney NSW 2000

Investment exceeding 5%

The Funds invest in other funds that we manage ('interfund investments'). Following are the interfund investments that had a holding of 5% or above as at 30 June 2007 and the details of that holding. Interfund investments not shown did not represent holdings exceeding 5% of the value of the Funds as at 30 June 2007.

Direct Holdings > 5%	
BT Institutional Australian Share Interfund	36.40%
BT Core International Equity Fund	19.73%
BT Institutional Australian Bond Fund	15.50%
BT Institutional Hedged Global Bond Fund	6.98%

There are no further combinations of investments that the Trustee knows or ought reasonably to know are invested, directly or indirectly, in a single enterprise or single group of associated enterprises and that have a combined value in excess of 5% of the total assets of the pooled superannuation trusts.

Significant Events

Change of Investment Manger
Effective from 19 October 2007, BT Investment Management (RE) Limited (ABN 17 126 390 627, AFSL 316455) has been appointed as the investment manager of the Fund by BT Funds Management Limited (ABN 63 002 916 458, AFSL 233724 RSE L0001090), which remains the Trustee.

Unit price split

On the 19th December 2006, a unit split was completed for the Fund. The split ratio was 1 to 10, meaning that each unit was split into 10 units on that date. The unit price for the Fund was adjusted by the same factor so that a client's investment in the Fund remained unchanged after the distribution of the additional units (subject to a small rounding adjustment). The changes were reflected in your December 2006 quarterly statement.

Buy-sell spread

There is no change to the Buy-sell spread for the Fund this year. Updated information can be obtained from our website: www.bt.com.au.

Non-compliance

If you have a superannuation entity which ceases to be complying, you must advise us immediately and take all reasonable steps to immediately dispose of the units in the Fund, unless the Australian Prudential Regulation Authority (APRA) or the Australian Taxation Office (ATO) directs otherwise.

Once we become aware that a superannuation entity is non-complying, we may withdraw its investment in the Fund and deduct a sum of money from the withdrawal proceeds to cover any additional costs incurred by the Fund as a result of the non-compliance.

Further information and complaints

Complaints resolution is a priority for us. If you have any concerns or complaints with the financial products or services we provide, please contact us and we will do our best to resolve it quickly and fairly.

As a first step, please contact us by calling BT Customer Relations. Alternatively, you can contact us by email or in writing to the Complaints Officer at the address set out on the back page of this annual report. We will let you know when we have received your complaint and a Complaints Officer will try to resolve your complaint within 30 days.

If you are still not satisfied you can refer the matter to the Financial Industry Complaints Service (FICS) — it is independent from us. Their contact details are:

Financial Industry Complaints Service

PO Box 579
Collins Street West
Melbourne VIC 8007
Telephone 1300 780 808

Before you contact FICS, we recommend that you first try and resolve your concern with us.

If you are investing through a master trust or wrap account, enquiries and complaints should be directed to the operator of that service.

→ **Financial Information —
Balance sheet**

	BT Institutional Retirement PST	
	30 June 2007 \$ '000	30 June 2006 \$ '000
Assets		
Cash and cash equivalents	30	1,178
Deposits held with brokers for margin	28	56
Accrued income	1,625	2,877
Due from Brokers – receivable for securities sold	245	-
Receivables	3	3
Deferred tax assets	206	266
Financial assets held at fair value through profit or loss	20,481	27,519
Tax refund due	95	61
Total assets	22,713	31,960
Liabilities		
Payables	15	12
Financial assets held at fair value through profit or loss	1	1
Total liabilities (excluding net assets attributable to unitholders)	16	13
Net assets attributable to unitholders	22,697	31,947

A complete set of the audited financial statements, the auditor's report and other information concerning the Funds is available on request, free of charge, by calling BT Customer Relations.

→ **Financial Information —
Income statement**

	BT Institutional Retirement PST	
	Year Ended	Year Ended
	30 June 2007 \$'000	30 June 2006 \$'000
Investment income		
Interest income	42	61
Trust distributions	2,407	3,956
Net gain/(loss) on financial instruments held at fair value through profit or loss	1,950	2,828
Reimbursable expense rebates	-	2
Total investment income/(loss)	4,399	6,847
Expenses		
Trustee's fees	132	179
Transaction costs	2	2
Other operating expenses	30	33
Total operating expenses	164	214
Operating profit/(loss) before income tax (expense)/revenue	4,235	6,633
Income tax (expense)/revenue	(109)	(301)
Profit/(loss) for the year after income tax (expense)/revenue	4,126	6,332
Finance costs attributable to unitholders		
Increase/(decrease) in net assets attributable to unitholders	4,126	6,332
Profit/(loss) for the year	-	-

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Investment
Management

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**If you need more information,
please contact:**

- your financial adviser, master trust or wrap account operator
- BT Customer Relations Consultants on 1800 813 886, who are available Monday to Friday from 8.00am to 5.30pm, Sydney time.

**For all written correspondence,
write to your financial adviser
or to BT at:**

- BT Financial Group
GPO Box 2675
Sydney NSW 2001
- You can also visit the
BT internet site, located
at www.bt.com.au

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