

BT INVESTMENT MANAGEMENT LIMITED

ABN 28 126 385 822

AND ITS CONTROLLED ENTITIES

INTERIM PROFIT ANNOUNCEMENT

BT INVESTMENT MANAGEMENT LIMITED
ABN 28 126 385 822
AND ITS CONTROLLED ENTITIES

APPENDIX 4D
FOR THE HALF YEAR ENDED 31 MARCH 2014

The Directors of BT Investment Management Limited (BTIM or the Company) announce the results of the consolidated entity (the Group) for the half year ended 31 March 2014 (prior corresponding period: half year ended 31 March 2013), which have been subject to review by our auditors, PricewaterhouseCoopers. The results are as follows:

Results for the half year ended 31 March 2014

	% Change	31 March 2014 \$'000
Total revenue and other income	92.1%	261,730
Net profit after income tax ¹	242.8%	78,317
Profit for the period attributable to members	242.8%	78,317
Interim 2014 Dividend – cents per security (35% franked ²)		16.0
Record date for determining entitlements to interim dividend		16 May 2014
Payment date for interim dividend		2 July 2014

Explanation of results:

¹ Net profit after tax (NPAT) includes accounting adjustments required under International Financial Reporting Standards (IFRS) for amortisation of employees' equity grants, amortisation and impairment of intangible assets and fair value adjustments on equity-settled converting notes resulting from the acquisition of J O Hambro Capital Management (JOHCM). These non-cash charges are not considered by the Directors to be part of the underlying earnings of the Group and therefore the Directors believe that Cash NPAT is a more suitable measure of profitability. The adjustments made to NPAT to arrive at Cash NPAT to eliminate the impact of these IFRS adjustments are categorised as follows:

- amortisation of the equity grants less the after-tax cash costs of equity grants made in respect of the current year
- after-tax amortisation and impairment of intangible assets
- fair value adjustments on equity-settled converting notes

Cash NPAT for the half year ended 31 March 2014 was \$83,067,151 (2013: \$34,175,627) which is an increase of 143.1% on prior year.

² The whole of the unfranked amount of the dividend will be Conduit Foreign Income, as defined in the *Income Tax Assessment Act 1997*.

Dividend Reinvestment Plan

The Board has determined that the Dividend Reinvestment Plan (DRP) will remain active for the 2014 interim dividend. Shares issued under the DRP will be a zero discount to the allocation price as determined by the DRP Rules.

Shareholders who have not previously registered to participate in the DRP or who wish to alter their participation in the DRP, must complete a DRP Instruction Form and return it to BTIM's share registry, Link Market Services, by no later than 5.00pm on Monday, 19 May 2014. The DRP Instruction Form can be obtained at www.linkmarketservices.com.au.

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**APPENDIX 4D
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

Other information

	31 March 2014	31 March 2013
Net tangible asset backing (cents per ordinary security)	27.3	0.2
Basic EPS (cents)	31.8	9.4
Diluted EPS (cents)	30.1	9.0
Final 2013 dividend paid during the period	\$27,097,401	
Dividend-linked coupon paid during the period ²	\$1,556,411	

² Dividend-linked coupons are payable on the converting notes issued as part of the acquisition of JOHCM.

Both the final 2013 dividend and dividend-linked coupon were paid on 19 December 2013.

Please refer to the attached 31 March 2014 Interim Financial Report and Market Presentation for commentary and further information with respect to the results.

Further information regarding BT Investment Management Limited and its business activities can be obtained by visiting the website at www.btim.com.au.

BT INVESTMENT MANAGEMENT LIMITED
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INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 MARCH 2014

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The interim financial report was authorised for issue by the Company's Directors on 30 April 2014 who have the power to amend and reissue the interim financial report.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 September 2013 and any public announcements made by BT Investment Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 MARCH 2014**

The Directors present their report on the consolidated entity (the Group) consisting of BT Investment Management Limited (BTIM or the Company) and the entities it controlled at the end of, or during, the half year ended 31 March 2014.

Directors

The following persons were Directors of the Company during the half year and up to the date of this report:

James Evans (Appointed Chairman 6 December 2013)

Brian Scullin (Retired 6 December 2013)

Emilio Gonzalez

Meredith Brooks

Brad Cooper

Andrew Fay

Deborah Page AM (Appointed 7 April 2014)

Carolyn Hewson AO (Resigned 20 December 2013)

Principal activities

The principal activity of the Group during the half year wasA the provision of investment management services. There has been no significant change in the nature of this activity during the half year ended 31 March 2014.

Review of operations

The Group continued to operate under two operating segments since the acquisition of J O Hambro Capital Management (JOHCM) effective 1 October 2011. These two segments comprise of the investment management business in Australia (BTIM) and outside of Australia (BTIM UK). The statutory net profit after tax (NPAT)¹ of the Group for the half year ended 31 March 2014 was \$78,317,083 (2013: \$22,847,115).

The Group's cash net profit after tax (Cash NPAT) for the half year was \$83,067,151 (2013: \$34,175,627). The increase on the prior year is predominantly driven by higher funds under management (FUM) and significantly increased performance fee revenue from JOHCM.

¹ NPAT includes accounting adjustments required under International Financial Reporting Standards for amortisation of employee equity grants, amortisation and impairment of intangible assets, and the fair value adjustments on equity-settled converting notes. These non-cash charges are not considered by the Directors to be part of the underlying earnings for the period and therefore the Directors believe that Cash NPAT is a more suitable measure of profitability. Cash NPAT comprises NPAT before amortisation of employee equity grants less the after-tax cash costs of grants made in respect of the current period, together with the after-tax amortisation and impairment of intangible assets recognised and the fair value adjustment on equity-settled converting notes issued as a result of the JOHCM acquisition.

**BT INVESTMENT MANAGEMENT LIMITED
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**DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

Review of operations (continued)

Reconciliation of statutory NPAT to Cash NPAT

	Half year ended 31 March 2014 \$'000	Half year ended 31 March 2013 \$'000
Statutory NPAT	78,317	22,847
Add back: amortisation of employee equity grants	16,403	9,526
Deduct: cash cost of ongoing equity grants	(16,030)	(9,094)
Add back: amortisation and impairment of intangibles ²	4,713	4,306
Add back: loss on financial liabilities at fair value through the profit and loss ³	-	7,213
Deduct: tax effect	(336)	(622)
Cash NPAT	83,067	34,176

Funds under management (FUM) at 31 March 2014 was \$62.1 billion, an increase of 6.5% from the FUM of \$58.3 billion at 30 September 2013. The movement for the half year ended 31 March 2014 has been driven by net inflows of \$0.7 billion, a positive market and investment performance of \$2.2 billion, and a weaker Australian dollar relative to the Pound sterling which contributed to a positive foreign exchange movement of \$0.9 billion.

Dividends

The Directors have resolved to pay a partly franked interim dividend and dividend-linked coupon of 16.0 cents (35% franked)⁴ per share (2013: 8.0 cents per share – fully franked) on ordinary shares and converting notes. The amount of dividend and dividend-linked coupon which has not been recognised as a liability at 31 March 2014 is \$47.7 million (2013: \$23.3 million).

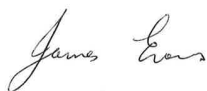
Rounding of amounts

The Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the Directors' report and financial report. Amounts in this report and the accompanying financial report have been rounded to the nearest thousand dollars in accordance with that class order, unless otherwise stated.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of Directors.



James Evans
Director
30 April 2014



Emilio Gonzalez
Director
30 April 2014

² Amortisation and impairment of intangibles relates to fund and investment management contracts.

³ Loss on financial liabilities at fair value through the profit and loss relates to the fair value adjustment on the converting notes issued as purchase consideration in relation to the JOHCM acquisition.

⁴ The whole of the unfranked amount of the dividend will be Conduit Foreign Income, as defined in the *Income Tax Assessment Act 1997*.

Auditor's Independence Declaration

As lead auditor for the review of BT Investment Management Limited for the half-year ended 31 March 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of BT Investment Management Limited and the entities it controlled during the period.



Voula Papageorgiou
Partner
PricewaterhouseCoopers

Sydney
30 April 2014

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 MARCH 2014**

	Notes	31 March 2014 \$'000	31 March 2013 \$'000
Revenue from continuing operations			
Investment management fees	3	138,893	98,999
Realised performance fees	3	114,714	33,491
Property administration fees	3	1,719	1,300
		255,326	133,790
Other Income	4	6,404	2,486
Expenses			
Employee expenses			
Salaries and related expenses		109,146	57,534
Amortisation of employee equity grants		16,403	9,526
Fund administration		6,490	5,658
Depreciation, amortisation and impairment		5,577	5,026
Investment management		5,143	3,476
Business development and promotion		3,788	3,162
General office and administration		2,545	2,743
Professional services		2,389	2,276
Occupancy		2,236	2,000
Information and technology		2,483	1,979
Loss on financial liabilities at fair value through profit and loss	12	-	7,213
Distribution		1,565	92
Finance costs	5	1,308	1,631
Total expenses		159,073	102,316
Profit before income tax		102,657	33,960
Income tax expense	6	24,340	11,113
Profit attributable to owners of BTIM		78,317	22,847
Other comprehensive income for the half year			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	14	10,944	(17,668)
Net unrealised (loss)/gain on available-for-sale assets	14	(2,249)	2,996
Income tax relating to components of other comprehensive income	6, 14	469	(696)
Other comprehensive income, net of tax		9,164	(15,368)
Total comprehensive income for the half year attributable to owners of BTIM		87,481	7,479
Earnings per share for profit attributable to the ordinary equity holders of the company		Cents	Cents
Basic earnings per share	17	31.8	9.4
Diluted earnings per share	17	30.1	9.0

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014**

	Notes	31 March 2014 \$'000	30 September 2013 \$'000
Current assets			
Cash and cash equivalents	8	107,680	83,649
Trade and other receivables		49,937	40,762
Prepayments		3,484	3,830
Total current assets		161,101	128,241
Non-current assets			
Property, plant and equipment		2,576	3,077
Available-for-sale financial assets	9	80,939	48,127
Deferred tax assets		16,420	15,350
Intangible assets	10	580,974	571,933
Total non-current assets		680,909	638,487
Total assets		842,010	766,728
Current liabilities			
Trade and other payables		28,870	26,264
Employee benefits		52,212	53,046
Borrowings	9, 11	11,692	14,921
Converting Notes	9, 12	13,740	2,511
Lease incentive		604	556
Current tax liabilities		19,645	11,454
Total current liabilities		126,763	108,752
Non-current liabilities			
Employee benefits		20,410	7,551
Borrowings	9, 11	36,043	36,414
Converting Notes	9, 12	13,740	27,480
Lease incentive		664	967
Deferred tax liabilities		23,047	24,109
Total non-current liabilities		93,904	96,521
Total liabilities		220,667	205,273
Net assets		621,343	561,455
Equity			
Contributed equity	13	458,536	469,748
Reserves	14	88,449	67,013
Retained earnings		74,358	24,694
Total equity		621,343	561,455

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**BT INVESTMENT MANAGEMENT LIMITED
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 MARCH 2014**

	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 October 2013		469,748	67,013	24,694	561,455
Profit for the half year		-	-	78,317	78,317
Other comprehensive income for the half year		-	9,164	-	9,164
Total comprehensive income for the half year		-	9,164	78,317	87,481
Transactions with owners in their capacity as owners:					
Converting notes converted to shares		2,511	-	-	2,511
Treasury shares acquired		(40,324)	-	-	(40,324)
Treasury shares released	13, 14	8,948	(8,948)	-	-
Share-based payments		-	21,220	-	21,220
Dividend reinvestment plan		17,653	-	-	17,653
Dividends and dividend-linked coupons paid	7	-	-	(28,653)	(28,653)
		(11,212)	12,272	(28,653)	(27,593)
Balance at 31 March 2014		458,536	88,449	74,358	621,343

	Notes	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 October 2012		462,490	26,068	5,981	494,539
Profit for the half year		-	-	22,847	22,847
Other comprehensive income for the half year		-	(15,368)	-	(15,368)
Total comprehensive income for the half year		-	(15,368)	22,847	7,479
Transactions with owners in their capacity as owners:					
Converting notes converted to shares		2,305	-	-	2,305
Treasury shares acquired		(12,982)	-	-	(12,982)
Treasury shares released	13, 14	5,950	(5,950)	-	-
Share-based payments		-	9,526	-	9,526
Dividend reinvestment plan		12,280	-	-	12,280
Dividends and dividend-linked coupons paid	7	-	(10,191)	(9,764)	(19,955)
		7,553	(6,615)	(9,764)	(8,826)
Balance at 31 March 2013		470,043	4,085	19,064	493,192

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**BT INVESTMENT MANAGEMENT LIMITED
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**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 MARCH 2014**

	Notes	Half year ended 31 March 2014 \$'000	31 March 2013 \$'000
Cash flows from operating activities			
Fees and other income received		255,087	139,237
Interest received		233	204
Distributions from unit trusts		732	563
Expenses paid		(129,952)	(76,143)
Income tax paid		(12,495)	(9,290)
Net cash inflows from operating activities		113,605	54,571
Cash flows from investing activities			
Proceeds from sales of available-for-sale financial assets		18,855	3,153
Payments for available-for-sale financial assets		(42,840)	(14,165)
Payments for property, plant and equipment		(247)	(393)
Payments for IT development		(601)	(54)
Net cash outflows from investing activities		(24,833)	(11,459)
Cash flows from financing activities			
Payments for purchase of treasury shares		(40,324)	(12,982)
Proceeds from external borrowings		10,813	2,916
Repayment of borrowings		(16,327)	(2,578)
Interest and other financing costs		(824)	(1,945)
Dividends and dividend-linked coupons paid		(11,001)	(7,675)
Net cash outflows from financing activities		(57,663)	(22,264)
Net increase in cash and cash equivalents		31,109	20,848
Cash and cash equivalents at beginning of the period		83,649	53,492
Effects of exchange rate changes on cash and cash equivalents		(7,078)	(1,383)
Cash and cash equivalents at the end of the period		107,680	72,957

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014**

1. BASIS OF PREPARATION OF THE REPORT FOR THE HALF YEAR ENDED MARCH 2014

This interim financial report for the half year ended 31 March 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 September 2013 and any public announcements made by BTIM during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:

- **AASB 10 *Consolidated Financial Statement* (effective 1 January 2013)**

The standard introduces a single definition of control that applies to all entities whereby the need to have both power and rights or exposure to variable returns is present before control applies. The new standard has had minimal impact on the Group and its composition.

- **AASB 12 *Disclosure of Interest in Other Entities* (effective 1 January 2013)**

AASB 12 sets out the required disclosures for investments in associates and joint venture under AASB 10 and replaces the disclosure requirements currently found in AASB 128 *Investments in Associates and Joint Ventures*. Application of this standard by the Group will not affect any of the amounts recognised in the interim financial statements nor the type of information disclosed under AASB 10.

- **AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)**

The new fair value standard requires disclosure of sufficient information to help financial statement users to assess valuation techniques of assets and liabilities measured at fair value and the effect on profit and loss or other comprehensive income. The Group has updated its interim financial statements to include the required disclosures.

- **Revised AASB 119 *Employee Benefits*, AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)* (effective 1 January 2013).**

The new standard requires that all past service costs are now recognised immediately in profit or loss. Previously, past service costs were recognised on a straight line basis over the vesting period if the changes were conditional on the employees remain in service for a specified period of time. The discounting of non-current future benefit entitlements, such as annual leave provisions, has not had a material impact on the Group.

**BT INVESTMENT MANAGEMENT LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

**1. BASIS OF PREPARATION OF THE REPORT FOR THE HALF YEAR ENDED MARCH 2014
(continued)**

New accounting standards and interpretations (continued)

- *AASB 134 Interim Financial Reporting*

New disclosure requirements on the fair value of financial instruments and segment reporting now apply to interim reports. The Group has updated its financial statements to include these changes for the fair value disclosure of financial instruments as outlined in AASB 13, above, and already complies with the new disclosure requirements for Segment reporting.

2. SEGMENT INFORMATION

(a) Description of segments

The Group has identified two operating segments based on internal management reports that are reviewed and used by the chief operating decision-maker (CODM) in assessing performance and in determining the allocation of resources. The CODM is BTIM's Senior Management Team.¹ Segment information is provided on the basis by which the Group manages its business which is split by the Group's investment management business in Australia (BTIM) and the Group's investment management business outside of Australia (BTIM UK). BTIM UK comprise the JOHCM group of companies together with external debt financing in the UK.

¹ BTIM's Senior Management Team comprises the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, Head of Sales & Marketing, Head of Corporate Development, Head of Investment Products and Head of Human Resources.

**BT INVESTMENT MANAGEMENT LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

2. SEGMENT INFORMATION (continued)

(b) Segment information provided to the chief operating decision-maker

	BTIM		BTIM UK		Total Group	
	31 Mar 2014 \$'000	31 Mar 2013 \$'000	31 Mar 2014 \$'000	31 Mar 2013 \$'000	31 Mar 2014 \$'000	31 Mar 2013 \$'000
Revenue	67,006	59,046	194,724	77,231	261,730	136,277
Inter-segment revenue	240	65	537	117	777	182
Total segment revenue	67,246	59,111	195,261	77,348	262,507	136,459
Inter-segment expense	(537)	(118)	(240)	(65)	(777)	(183)
Depreciation and amortisation	(585)	(529)	(279)	(191)	(864)	(720)
Finance costs	(839)	(616)	(469)	(1,015)	(1,308)	(1,631)
Other operating expenses	(47,043)	(41,907)	(104,772)	(46,107)	(151,815)	(88,014)
Total segment expenses	(49,004)	(43,170)	(105,760)	(47,378)	(154,764)	(90,548)
Income tax expense	(5,561)	(4,910)	(19,115)	(6,825)	(24,676)	(11,735)
Cash NPAT	12,681	11,031	70,386	23,145	83,067	34,176
Deduct: amortisation of employee equity grants	(10,507)	(7,415)	(5,896)	(2,111)	(16,403)	(9,526)
Add back: cash cost of ongoing equity grants	6,249	4,669	9,781	4,425	16,030	9,094
Deduct: amortisation and impairment of intangibles	-	-	(4,713)	(4,306)	(4,713)	(4,306)
Deduct: loss on financial liabilities at fair value through profit & loss	-	(7,213)	-	-	-	(7,213)
Add back: tax effect	818	300	(482)	322	336	622
Statutory NPAT	9,241	1,372	69,076	21,475	78,317	22,847
Segment assets	347,982	287,325	494,028	395,278	842,010	682,603
Segment liabilities	(126,271)	70,192	(94,396)	119,219	(220,667)	189,411
Net assets	221,711	217,133	399,632	276,059	621,343	493,192

The CODM assesses the performance of the operating segments based on a measure of Cash NPAT. This measurement basis excludes the amortisation of equity-settled share-based payments, and includes the after-tax cash costs of equity grants made in respect of the current period. Cash NPAT also excludes the after-tax amortisation and impairment of intangibles relating to fund and investment management contracts and fair value adjustment on converting notes recognised as a result of the acquisition of JOHCM. These non-cash charges are not considered by the Company to be part of the Group's underlying operations.

**BT INVESTMENT MANAGEMENT LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

3. REVENUE FROM CONTINUING OPERATIONS

	Half year ended 31 March 2014 \$'000	31 March 2013 \$'000
Management, fund and trustee fees	137,226	97,908
Realised performance fees	114,714	33,491
Property administration fees	1,719	1,300
Service fees from related parties	785	735
Expense recoveries	554	199
Other revenue	328	157
Total revenue from continuing operations	255,326	133,790

4. OTHER INCOME

	Half year ended 31 March 2014 \$'000	31 March 2013 \$'000
Distributions from unit trusts	780	536
Interest income	233	207
Net gain on sale of available-for-sale financial assets	4,554	307
Net foreign exchange gains	837	1,436
Total other income	6,404	2,486

5. FINANCE COSTS

	Half year ended 31 March 2014 \$'000	31 March 2013 \$'000
Interest and finance charges paid / payable for borrowings	824	1,315
Net foreign exchange loss on borrowings	484	316
Total other income	1,308	1,631

6. INCOME TAX EXPENSE

	Half year ended 31 March 2014 \$'000	31 March 2013 \$'000
(a) Income tax expense		
Current tax	21,973	8,900
Deferred tax ¹	2,411	2,228
Adjustments for current tax of prior periods	(44)	(15)
Income tax expense	24,340	11,113

¹ Deferred income tax expense/(revenue) included in income tax expense comprises:

Decrease in deferred tax assets	3,925	2,386
Decrease in deferred tax liabilities	(1,514)	(158)
Total (decrease)/increase in deferred tax	2,411	2,228

(b) Tax expense relating to items of other comprehensive income

Available-for-sale financial assets	(469)	696
	(469)	696

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

7. DIVIDENDS

	Half year ended 31 March 2014 \$'000	31 March 2013 \$'000
Ordinary shares		
Dividend paid during the half year	27,097	18,770
Dividend proposed and not recognised as a liability at the end of the half year	45,236	21,937
Converting notes		
Dividend-linked coupon paid during the half year	1,556	1,185
Dividend-linked coupon proposed and not recognised as a liability at the end of the half year	2,488	1,332

8. CASH AND CASH EQUIVALENTS

	31 March 2014 \$'000	30 September 2013 \$'000
Cash at bank and in hand	28,691	27,846
Deposits at call	78,989	55,803
	107,680	83,649

Deposits at call are invested in cash management trusts managed by the Group.

9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group classifies its financial assets in the following categories: receivables and available-for-sale financial assets. Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or that are not classified as financial assets through profit or loss or loans and receivables. Management determines the classification of the Group's investments at initial recognition depending on the purpose for which the investments and other financial assets were acquired.

The Group's financial liabilities are categorised as borrowings, comprising bank debt and loan notes; and converting notes. Financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provision of an instrument which is initially recognised at fair value plus transaction costs. Financial liabilities are recognised when an obligation arises and derecognised when it is discharged, cancelled or expires.

(a) Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities – Level 1;
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) – Level 2;
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) – Level 3.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value hierarchy (continued)

31 March 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total fair value \$'000	Carrying amount \$'000
Financial assets					
Available-for-sale assets:					
Shares in Regnan-Governance Research and Engagement Pty Limited (Regnan)	-	-	100	100	100
Shares in James Hambro & Partners LLP ¹	-	-	209	209	209
Units held in pooled funds ²	-	77,501	-	77,501	77,501
Units held in a listed property trust ²	3,129	-	-	3,129	3,129
Total financial assets	3,129	77,501	309	80,939	80,939
Financial liabilities					
Borrowings	47,735	-	-	47,735	47,735
Converting notes	-	27,480	-	27,480	27,480
Total financial liabilities	47,735	27,480	-	75,215	75,215

¹ James Hambro & Partners LLP is an independent private asset management partnership business.

² These securities represent shares held in offshore unlisted pooled funds managed by the Group and units held in a listed property trust and are measured at fair value. The fair value of the listed property trust is measured with reference to the quoted market price.

(b) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments that are not in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and do not rely on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3, as is the case for unlisted equity securities.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Specific valuation techniques used to value financial instruments include:

Pooled funds

JOHCM has two open-ended investment companies (OEICs), domiciled in the United Kingdom and Ireland, and an investment trust responsible for the JOHCM mutual fund range domiciled in the United States of America. The investment vehicles have a single price directly linked to the value of the funds' underlying investments. Each investment vehicle acts as an umbrella scheme over various sub-funds each with their own investment strategies. The fair value of investments is measured with reference to the underlying net asset values of the pooled funds.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

9. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(b) Valuation techniques used to derive level 2 and level 3 fair values (continued)

Borrowings

The borrowings held by the Group comprise a revolving loan facility with Westpac Banking Corporation and loan notes issued to JOHCM employees in October 2011. Both are denominated in GBP with the loan expiring on 30 September 2016 and the loan notes redeemable over a two year period, maturing over a period of two to four years. The fair value of borrowings for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of non-current borrowings approximates the carrying amount, as the impact of discounting is not significant.

Converting notes

The converting notes were issued to JOHCM employees in October 2011 and subject to certain adjustments, each converting note will convert into one BTIM ordinary share over a period of up to five years provided certain conditions are met. The value of the converting notes represents the fair value of the conversion right that the note holder will receive irrespective of whether they continue in employment. Fair value is determined by using option pricing models which incorporate the BTIM share price, time to conversion, dividend yield and volatility in the BTIM share price and is measured with reference to the fair value of BTIM ordinary shares at the date at which they were granted. The fair value has been adjusted to reflect the number of converting notes that are expected to convert into BTIM ordinary shares.

(c) Unobservable inputs

The following table represents the movement in level 3 financial instruments:

	Shares in Regnan \$'000	Shares in James Hambro & Partners LLP \$'000	Total fair value – Level 3 \$'000	Carrying amount \$'000
Balance at the beginning of the financial period	100	201	301	301
Effects of foreign exchange movements	-	8	8	8
Balance at the end of the financial period	100	209	309	309

Level 3 securities are measured at cost, which approximates the fair value of the shares held based on the net assets of the company at balance date.

The finance department of the Group performs the valuations for level 3 fair values for financial reporting purposes. The valuations are carried out half-yearly in line with the Group's reporting dates.

Changes in level 2 and 3 fair values are analysed at each reporting date and there were no transfers between levels 2 and 3 during the financial period.

(d) Fair value of other instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. Due to the short-term nature of the current receivables, current payables and current borrowings, the carrying amount is assumed to approximate their fair value.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

10. INTANGIBLE ASSETS

	31 March 2014 \$'000	30 September 2013 \$'000
Goodwill		
Cost	475,612	466,462
Accumulated impairment	-	-
Net carrying value	475,612	466,462
Fund and investment management contracts		
Cost	134,258	129,189
Accumulated amortisation and impairment ¹	(30,021)	(24,357)
Net carrying value	104,237	104,832
IT development and software		
Cost	1,917	1,308
Accumulated amortisation	(792)	(669)
Net carrying value	1,125	639
Total intangible assets		
Cost	611,787	596,959
Accumulated amortisation and impairment	(30,813)	(25,026)
Net carrying value	580,974	571,933

¹ The impairment loss due to the remeasurement of the fund and investment management contracts to the lower of their carrying value or their recoverable amount is included in the depreciation, amortisation and impairment expense in the Statement of Comprehensive Income. Reversal of impairment losses are made in certain circumstances if there has been a change in forecasts and market conditions used in determining the recoverable and carrying amounts.

The recoverable amount of each fund and management contract has been measured using the present value of future cash flows expected to be derived for each asset. The discount rate used to discount the cash flow projections (post tax) is 15% based on the Group's cost of capital (post tax).

Goodwill has been derived from the following business combinations:

	31 March 2014 \$'000	30 September 2013 \$'000
Purchase of the investment business management business from Westpac Banking Corporation on 19 October 2007	233,300	233,300
Acquisition of JOHCM effective 1 October 2011	242,312	233,162
Total goodwill	475,612	466,462

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

10. INTANGIBLE ASSETS (continued)

Fund and Investment management contracts were acquired via the business combination with JOHCM and are made up as follows:

	31 March 2014	30 September 2013
	\$'000	\$'000
<i>Fund management contracts</i>		
OEIC fund management contracts	89,994	89,515
<i>Investment management contracts</i>		
Segregated mandates	14,243	15,317
Total fund and investment management contracts	104,237	104,832

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segments (refer Note 2). Goodwill attributable to BTIM and BTIM UK is \$233,300,000 and \$242,311,884 respectively.

The recoverable amount of each CGU is determined using a 'Fair value less cost to sell' methodology that utilises cash flow projections (post tax) based on management's best estimates over a 5 year period and then applying a terminal value in perpetuity of 3%. The discount rate used to discount the cash flow projections for BTIM and BTIM UK are 12.5% and 15% respectively based on the cost of capital (post tax) for each of these CGU's.

Management is of the view that reasonably possible changes in the key assumptions, such as an increase to the discount rate of 2% or a reduction in cash flow of 10%, would not cause the recoverable amount for each CGU to fall short of the carrying amounts as at 31 March 2014.

There has been no impairment of goodwill during the half year ended 31 March 2014. The amount of goodwill relating to the JOHCM acquisition has been translated from the British pound to Australian dollar using the spot rate at 31 March 2014.

11. BORROWINGS

	31 March 2014	30 September 2013
	\$'000	\$'000
Current	11,692	14,921
Non-current	36,043	36,414
Total borrowings	47,735	51,335

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

11. BORROWINGS (continued)

Details of borrowings, including accrued interest, are as follows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 March 2014					
Bank loans					
Revolving loan facility	246	-	36,043	-	36,289
Loan notes	11,446	-	-	-	11,446
Total Borrowings	11,692	-	36,043	-	47,735
 As at 30 September 2013					
Bank loans					
Revolving loan facility	4	-	36,414	-	36,418
Loan notes	14,917	-	-	-	14,917
Total Borrowings	14,921	-	36,414	-	51,335

Bank Loans

The Group has an \$81 million (£45 million) revolving loan facility with Westpac Banking Corporation which is denominated in GBP and expires on 30 September 2016.

An amount of \$36 million (£20 million) is drawn and \$45 million (£25 million) remains undrawn at 31 March 2014. BTIM is the guarantor on the borrowing facility. Interest on draw-downs has been fixed for between 1 and 12 months.

Loan notes

Loan notes are denominated in GBP and were issued to JOHCM employees in October 2011. The loan notes are redeemable over a two year period and mature over a period of two to four years. Interest accrues at a fixed rate per annum payable annually.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

12. CONVERTING NOTES

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000
31 March 2014					
Converting notes	13,740	13,740	-	-	27,480
30 September 2013					
Converting notes	2,511	13,740	13,740	-	29,991

The converting notes were issued to JOHCM employees in October 2011. Subject to certain adjustments, each converting note will convert into one BTIM ordinary share over a period of up to five years provided certain conditions are met. The value of the converting notes represents the fair value of the conversion right that the note holder will receive irrespective of whether they continue in employment. The fair value of the converting notes at balance date has been determined with reference to the BTIM share price at 31 March 2014, which has resulted in no charge being recognised in the Statement of Comprehensive Income during the financial period (period to 31 March 2013: a loss of \$7.2 million).

The dividend-linked coupon payment dates and distribution rates on converting notes will be the same as those dividends declared on ordinary shares.

On 1 November 2013 1,082,302 converting notes converted into 1,082,302 BTIM ordinary shares (refer Note 13).

13. CONTRIBUTED EQUITY

	31 March 2014 \$'000	30 September 2013 \$'000
Ordinary shares	548,584	528,420
Treasury shares	(90,048)	(58,672)
Total contributed equity	458,536	469,748

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

13. CONTRIBUTED EQUITY (continued)

	31 March 2014 Shares (‘000)	31 March 2014 \$ (‘000)	30 September 2013 Shares (‘000)	30 September 2013 \$ (‘000)
Movements in ordinary shares during the period				
Balance at the beginning of the period	278,100	528,420	274,214	514,198
Converting notes converted into ordinary shares	1,082	2,511	-	-
Dividend reinvestment plan	3,545	17,653	3,886	14,222
Balance at the end of the period	282,727	548,584	278,100	528,420
Movements in treasury shares during the period				
Balance at the beginning of the period	(30,575)	(58,672)	(27,020)	(44,155)
Treasury shares acquired	(7,448)	(40,324)	(4,205)	(15,311)
Treasury shares released	4,256	8,948	650	794
Balance at the end of the period	(33,767)	(90,048)	(30,575)	(58,672)
Total contributed equity	248,960	458,536	247,525	469,748

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends as declared and in the event of a winding up of the Company, to participate in the proceeds in proportion to the number of and amounts paid on the shares held. Ordinary shares entitle the holder to one vote per share, either in person or by proxy, at a meeting of BTIM shareholders.

(b) Treasury shares

Treasury shares are those shares issued through the Initial Public Offering, and purchased as necessary, in order to meet the obligations of the Company under its employee share plans. These are recorded at cost and when restrictions on employee shares are lifted, the cost of such shares is treated as a reduction in treasury shares. The corresponding offset is reflected in the share-based payment reserve.

Details of the balance of treasury shares at the end of the half year were as follows:

	31 March 2014 Shares (‘000)	31 March 2014 \$ (‘000)	30 September 2013 Shares (‘000)	30 September 2013 \$ (‘000)
Unallocated shares held by trustee	13,878	68,108	10,164	30,134
Shares allocated to employees	19,889	21,940	20,411	28,538
Balance at the end of the period	33,767	90,048	30,575	58,672

(c) Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and maintain an optimal capital structure.

The Board monitors NPAT, cash, tax and other financial factors in order to maintain or adjust the capital structure. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

13. CONTRIBUTED EQUITY (continued)

The Group has two employee benefit trusts, the trustees of which purchase BTIM shares, intended to be used to satisfy the Group's obligations under the employee share plans.

BTIM operates two discrete legal entities for its funds management business BT Investment Management (Fund Services) Limited (BTIM FS) acts as responsible entity of the BTIM registered and unregistered trusts, and BT Investment Management (Institutional) Limited (BTIMI) provides investment management services to institutional clients as well as to all of BTIM's registered and unregistered trusts.

Both BTIM FS and BTIMI are required to maintain minimum capital requirements and have complied with all conditions during the half year ended 31 March 2014.

J O Hambro Capital Management Limited is also required to maintain minimum capital requirements as part of its licencing requirements with the Financial Conduct Authority in the UK.

14. RESERVES

	31 March 2014 \$'000	30 September 2013 \$'000
Common control reserve		
Balance at the beginning of the financial period	(25,472)	(25,472)
Balance at the end of the financial period	(25,472)	(25,472)
Share-based payment reserve		
Balance at the beginning of the financial period	51,890	46,519
Share-based payments expense	16,403	19,795
Deferred tax	4,817	2,511
Treasury shares released	(8,948)	(6,744)
Dividend and dividend-linked coupon paid	-	(10,191)
Balance at the end of the financial period	64,162	51,890
Foreign currency translation reserve		
Balance at the beginning of the financial period	35,095	2,684
Currency translation difference arising during the year	10,944	32,411
Balance at the end of the financial period	46,039	35,095
Available-for-sale-financial assets reserve		
Balance at the beginning of the financial period	5,500	2,337
Revaluation	(2,019)	3,916
Exchange differences	(230)	(73)
Deferred tax	469	(680)
Balance at the end of the financial period	3,720	5,500
Total reserves	88,449	67,013

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

14. RESERVES (continued)

Common control reserve

The common control reserve relates to the BTIM purchase of the investment management business from a number of wholly owned subsidiaries of Westpac Banking Corporation on 19 October 2007. Any difference between the cost of acquisition (fair value of consideration paid), and the amounts at which the assets and liabilities are recorded, has been recognised directly in equity as part of a business combination under the common control reserve.

Share-based payment reserve

The share-based payment reserve comprises the amortised portion of the fair value of equity instruments granted to employees for no consideration, recognised as an expense. Deferred tax in relation to amounts not recognised in the Statement of comprehensive income is also recognised in the share-based payment reserve. The balance of the share-based payment reserve is reduced by the payment of certain dividends not paid from retained earnings, where the requirements of the Corporations Act are met.

Foreign currency translation reserve

Exchange differences arising on the translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Available-for-sale financial assets reserve

The available-for-sale financial assets reserve represents changes in the fair value and exchange differences arising on translation of investments, classified as available-for-sale financial assets. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

15. CONTINGENT ASSETS AND LIABILITIES

Performance fees

The Group manages the investments of certain funds and clients for which it may be entitled to receive fees contingent upon performance of the portfolio managed, on an annual basis or longer. Performance fees which are contingent upon performance to be determined at future dates have not been recognised as income or as a receivable at 31 March 2014 as they are not able to be estimated or measured reliably and may change significantly. All fees are exposed to significant risk associated with the funds' performance, including market risks (such as price risk, interest rate risk and foreign exchange risk) and liquidity risk.

UK tax liability

The Group continues discussions with the UK tax authorities regarding the treatment of certain prior period tax deductions of the JOHCM Group. The amount which is currently being disputed approximates £6.5 million (\$11.7 million), plus any interest and/ or penalties. Under the terms of the Share Purchase Agreement (SPA) BTIM is indemnified by the sellers.

Guarantee on bank loans

BTIM has entered into a guarantee with Westpac Banking Corporation in relation to the debts of its subsidiary BTIM UK Limited.

Capital guarantee

BTIM has guaranteed the obligations of BTIMI to its institutional clients. The effect of the guarantee which is capped at \$5 million will provide recourse to capital exceeding the minimum regulatory capital required to be maintained by BTIMI.

To the extent that the Group, in the normal course of business, has incurred various contingent obligations at 31 March 2014, none of those contingent obligations are anticipated to result in any material loss.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 MARCH 2014 (CONTINUED)**

16. SUBSEQUENT EVENTS

No matter or circumstance which is not otherwise reflected in this Financial Report has arisen subsequent to the end of the interim period, which has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

17. EARNINGS PER SHARE (EPS)

	31 March 2014 Cents per share	31 March 2013 Cents per share
(a) Basic earnings per share		
Profit attributable to the ordinary equity holders of BTIM	31.8	9.4
(b) Diluted earnings per share		
Profit attributable to the ordinary equity holders of BTIM	30.1	9.0
(c) Reconciliation of earnings used in calculating earnings per share	31 March 2014 \$'000	31 March 2013 \$'000
<i>Basic earnings per share</i>		
Profit attributable to owners of BTIM used in calculating basic earnings per share	78,317	22,847
<i>Diluted earnings per share</i>		
Profit attributable to owners of BTIM used in calculating diluted earnings per share	78,317	22,847
(d) Weighted average number of shares used as the denominator	31 March 2014 Number of shares '000	31 March 2013 Number of shares '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	246,362	244,147
<i>Adjustment for calculation of diluted earnings per share</i>		
Effect of own shares held	-	-
Converting notes ¹	13,732	9,214
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	260,094	253,361

¹ Converting notes issued on 26 October 2011, totalling 15,550,938 at 31 March 2014, are considered potential ordinary shares and have been included in the determination of diluted earnings per share from their issue date.

Options totalling 5,844,665 and performance share rights totalling 3,171,485 issued to staff of the Group have not been included in the calculations of diluted EPS for the period ended 31 March 2014. This is because ordinary shares will be acquired on-market over time to settle the exercise of the options and the conversion of the performance share rights.

**BT INVESTMENT MANAGEMENT LIMITED
AND ITS CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 MARCH 2014**

In the Directors' opinion:

(a) the financial statements and notes set out on pages 8 to 26 are in accordance with the *Corporations Act 2001*, including:

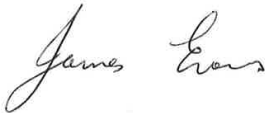
(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Group's financial position as at 31 March 2014 and of its performance, for the half year ended on that date; and

(b) there are reasonable grounds to believe that BT Investment Management Limited will be able to pay its debts as and when they become due and payable.

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

For and on behalf of the Board.



James Evans
Director



Emilio Gonzalez
Director

Sydney, 30 April 2014



Independent auditor's review report to the members of BT Investment Management Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BT Investment Management Limited, which comprises the balance sheet as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for BT Investment Management Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BT Investment Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

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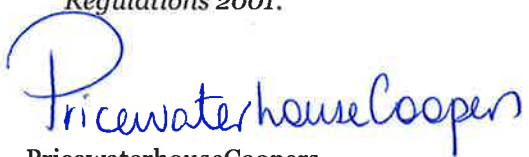
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Liability limited by a scheme approved under Professional Standards Legislation.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BT Investment Management Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



PricewaterhouseCoopers

PricewaterhouseCoopers



Voula Papageorgiou
Partner

Sydney
30 April 2014