Becton Property Group Limited

ABN 64 095 067 771

Annual report
for the year ended 30 June 2011

Directors' Report

The Directors of Becton Property Group Limited ("BPG" or the "Company") submit their report for the year ended 30 June 2011.

The shares of BPG and units of Becton Property Trust (BPT) (collectively Becton) are combined and issued as stapled units on the Australian Stock Exchange.

The shares and units cannot be traded separately and can only be traded as stapled securities. These financial statements reflect the aggregation of the consolidated financial statements of BPG and BPT.

For statutory reporting purposes, BPG has been identified as the head entity in the Consolidated Entity ("BPG Group" or the "Group") based on the size of its net assets and its operations and accordingly, it presents the consolidated financial report of Becton.

Directors

The names and details of Becton's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr. William J Conn OAM B.Comm (Hons.), MBA, CPA (appointed 28 June 1995)	Non-executive Chairman, independent Director, aged 65. Bill has over 40 years experience in investment banking. Bill is a Director of a number of public companies and several community organisations and, in June 2010, completed a long term consultancy to Merrill Lynch International (Australia) Limited. Bill is Chairman of the Remuneration Committee.
Mr. Robert Critchley B.Ec, CPA, FFIN (appointed 8 February 2001)	Non-executive Director, independent Director, aged 67. Bob is a Strategic Workforce Consultant and published author. Previously, he was International President for DBM Inc, responsible for its global operations. He has over 25 years' experience in the local and international banking and finance industry. Bob is Chairman of the Audit & Risk Management Committee.
Mr. Peter Dempsey B. Technology (Civil Engineering) Uni of Adelaide Grad Dip in Business Admin SA Institute of Technology (appointed 25 July 2008)	Non-executive Director, independent Director, aged 64. Peter has extensive development and construction experience and has been involved in the property industry for over 40 years. Until 2002 Peter was the CEO and Managing Director of Baulderstone Hornibrook Limited. Peter is currently a director at Monadelphous Limited, and is chairman at Service Stream Limited.
Mr. Jack Crumlin B.Sc. (Technology and Business studies) University of Strathclyde, CA (appointed 25 July 2011)	Non-executive Director, independent Director, aged 49. Jack is one of the founding directors of Norton Crumlin & Associates, a management consulting firm based in Sydney. Jack has also served as a CEO of a telecommunications service provider and as a partner at PricewaterhouseCoopers and also at Ernst & Young.

Mr. Matthew Chun B.Ec, Grad. Dip Prop RMIT Grad. Dip Applied Investment & Finance FINSIA (appointed 1 August 2007)	Executive Director, aged 41. Matthew was appointed Chief Executive Officer of Becton Property Group in August 2008, having previously served as Head of Funds Management of Becton Investment Management Ltd and has been an Executive Director since August 2007. He has 19 years experience in the property industry, including senior positions at Cbus Industry Super Fund and Coles Myer. Matthew has had considerable experience in the development and ownership in the retail, office, industrial, residential and hotel property sectors. Matthew is also a Director of Becton Living Pty Ltd.

All board members are members of both the Audit and Risk Management Committee and the Remuneration Committee.

Directors who resigned during or since the end of the financial year up to the date of this Directors Report are:

Mr. James Hazel B.EC F.Fin (resigned 1 July 2010)	Non-executive Director, independent Director, aged 58. Jim was also the Chairman and a Director of Becton Living Pty Ltd. Jim has over 35 years experience in the banking and retirement sectors. Jim was a member of the Audit and Risk Management Committee.

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
William Conn	World Wide Entertainment Group Limited	March 2001 to April 2011
	IWIF Holdings Limited	Appointed May 2009
Robert Critchley	Thomas & Coffey Limited	Appointed May 2002
	Noni B Limited	October 1999 to October 2008
Peter Dempsey	Monadelphous Group Limited	Appointed May 2003
	Service Stream Ltd	Appointed November 2010
Jack Crumlin	None	N/A
Matthew Chun	None	N/A

Information on Company secretaries

Mr. Giovanni (John) Ciardulli B.Ec, LLB, ACA	John was appointed as joint Company Secretary on 6 December 2010 and, following the resignation of Jason Vanderzalm on 30 June 2011, is now the sole Company Secretary. John has 15 years taxation and legal experience across a range of sectors. John joined Becton in 2006 and is currently Group General Counsel, Tax Manager and Company Secretary.
Mr. Jason Vanderzalm B.Econ, ACA	Company Secretary until resignation on 30 June 2011. Jason was appointed Company Secretary on 30 June 2009, having joined Becton in 1999. Jason also held the position of CFO until 24 December 2010.

Principal Activities

During the year the principal activities of the Group consisted of:

- Property Development & Construction projects;
- Independent living retirement village owner & manager;
- Property Funds Management; and
- Property Investment.

On 16 December 2010 the Group sold its funds management business. This transaction included a Call Option Deed (call option) over the Group's investment in the Property Investment Business. The call option was exercised on 30 June 2011, with settlement occurring on 6 July 2011.

Other than the above, there were no other significant changes in the nature of the activities of the Group during the year.

Review of operations

(a) Profit and loss

A summary of revenue and results for the year is as follows:

	2011 $ ' 000	**2010 $ ' 000**
Total revenue and other income	**81,477**	158,420
Loss from continuing operations before income tax	**(17,201)**	(62,371)
Income tax expense	**(1,382)**	(2,514)
Loss after income tax from continuing operations	**(18,583)**	(64,885)
(Loss)/Profit after income tax from discontinued operations	**(28,756)**	(35,228)
Net loss after income tax	**(47,339)**	(100,113)
Outside equity interest	**(3,062)**	(15,760)
Net loss after tax attributable to equity holders	**(44,277)**	(84,353)

(b) Balance sheet

The balance sheet of the Group discloses total current assets of $105,424,000 and current liabilities of $97,805,000.

Full details of the Group's financing position have been set out in note 1 to the Financial Statements.

Dividends and distributions

There were no dividends and distributions paid to members during the financial year.

Significant changes in the state of affairs

During the financial year the Group implemented a capital restructure converting $85,600,000 of debt into a combination of ordinary stapled securities, options and preferred equity. Details of the capital restructure are included in note 1 to the Financial Statements.

Other than noted above, there were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Subsequent to year end, the following events have occurred:

- The call option provided by the Group over its investments in 360 Capital Diversified Property Fund and 360 Capital Developments Income Fund was settled on 6 July 2011. A total of $26,167,706 was received from 360 Capital Group Limited and was applied to Group debt.
- At 30 June 2011, the Group had two Suncorp facilities totalling $7.9 million, with expiry dates of September 2011 ($3.3 million) and October 2011 ($4.6 million). On 28th September, these facilities were extended until 31 May 2012.

Apart from the matters outlined above, the Directors are not aware of any other matters or circumstance not otherwise dealt with in the report, that has significantly or may significantly affect the operations of the Group, the results of those operations or state of affairs of the Group in subsequent financial years.

Likely developments and expected results of operations

(a) Operations

Becton will continue to be involved in retirement and its ongoing activities in development and construction. Becton continues its focus on being a diversified property group with growth forecast to come increasingly from recurrent income streams by identifying a number of growth opportunities including:

- Securing appropriate new development and construction projects advantageously through property cycles; and
- Pursuing growth in the retirement sector through the acquisition and development of greenfield sites, largely via its retirement alliance venture.

(b) Retirement Alliance funding

The Group has a 50% interest in a joint venture entity Retirement Finance SPV Pty Ltd ("Retirement Alliance"), with a carrying value of $55.9 million at 30 June 2011, which is accounted for using the equity method. The Retirement Alliance has a $73.6 million facility which is due to expire in November 2011. The current financiers have indicated a desire to reduce their exposure to the Retirement Alliance in the next 12-18 months. As such, the Retirement Alliance has engaged with several debt providers to refinance the facility, or part-thereof, away from the current financer.

The Directors of the Group have been advised by the Directors of the Retirement Alliance that negotiations to refinance the facility are continuing with a number of debt providers, including the current provider. However, at the date of this report no agreement has been reached for the refinance of this facility.

The Directors believe that there is a risk that any future refinancing of this facility will be at less commercially attractive terms with regards to both pricing and term. This in turn creates uncertainty over the carrying value of the Group's investment in the Retirement Alliance, as finance costs increase and values of assets decrease where debt amortisation becomes a priority. In the absence of an agreement with a debt provider to refinance this facility, which expires in November 2011, there is significant uncertainty in relation to the Retirement Alliance being able to continue as a going concern without the continued support of the current debt provider.

The Directors of the Group have been briefed on the alternative financing strategies available to the Retirement Alliance, however due to the commercial sensitivity of these strategies any further information regarding likely developments in the financing discussions of the Retirement Alliance are likely to result in unreasonable prejudice to the Retirement Alliance and the Group. Accordingly, this information has not been disclosed in this report. Refer to Note 1 (ak) for further information.

Disclosure of any further information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Securities under option

As part of the Capital Restructure Proposal (CRP) on the 17 June 2011 Australian Capital Reserve (ACR) converted $38,900,000 of debt to equity which included the issue of 783,682,575 options at 2.56 cents per option. At 30 June 2011 none of these options had been exercised.

Directors' Meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member).

During the financial year 25 Board meetings, 2 Remuneration committee meetings and 3 Audit & Risk Management committee meetings were held.

Directors	Board of Directors		Remuneration Committee		Audit & Risk Management Committee	
	Held	Attended	Held	Attended	Held	Attended
Bill Conn	25	24	2	2	3	2
Robert Critchley	25	25	2	2	3	3
Peter Dempsey	25	23	2	1	3	2
Matthew Chun	25	25	2	2	3	3

In accordance with the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations", Becton has an Audit & Risk Management Committee and a Remuneration Committee. Details relating to the policy & procedures and membership of these committees are found in the Corporate Governance Statement. A Nomination Committee has not been formed by the Company as the matters normally reserved and dealt with by a Nomination Committee are dealt with by the Board as a whole.

Indemnification and insurance of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the company secretary, and all executive officers of the Company against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' shareholdings

Equity instrument disclosures relating to Directors

The following table sets out each Director's relevant interest in shares and rights or options in shares of the Company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary securities	Executive security options	Convertible notes
MB Chun	25,055	-	-
W J Conn	3,475,807	-	-
R Critchley	279,861	-	-
P Dempsey	-	-	-
J Crumlin	-	-	-

Director Option holdings and Loans

No Director holds any options over ordinary securities in the Company, nor has the Company made any loans to any Director of Becton, including their personal related entities.

Security options granted to Directors and executives (hereafter referred to as senior management)
During and since the end of the financial year no security options were granted to the Directors or executives.

Key Management Personnel Disclosure

No material contracts involving Directors' interests were entered into during the year or existed at the end of the year other than the transactions detailed in the key management personnel note to the financial statements.

Environmental regulation

The operations of the Company are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law. The Directors are not aware of any breach of environmental regulations during the year and up to the date of this report.

Remuneration Report

Introduction and Executive Summary

Remuneration Philosophy

Becton aspires to be a leading publicly listed property group in Australia with an entrepreneurial spirit which empowers its people to drive business performance to deliver business results.

Our seven core values are Integrity, Communication, Passion, Teamwork, Innovation, Leadership and Commitment. Becton has structured its senior management remuneration framework to achieve our aspirations and reflect our core values.

Our aim is to attract and retain high calibre senior management and employees and to align senior management reward with the delivery of strategic objectives and the creation of value for shareholders.

Our remuneration framework provides a mix of fixed and variable remuneration components. The variable components are at risk with a strong link to business performance and individual contribution through the Short Term Incentive Program and participation in a Retention Payment Scheme.

We continuously review our variable pay arrangements to ensure that appropriate, demanding hurdles are in place.

Labour market conditions and challenges

Becton operates in the Australian labour market, which always experiences strong competition for skilled workers, managers and senior management. Our business success is linked to our ability to attract the best executive talent to Becton from the industry sectors where we operate. We provide outstanding work challenges and career opportunities as well as ensuring that our remuneration practices are competitive and appropriate for the markets in which we operate.

Remuneration Reporting

This Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of Remuneration
C. Executive or Senior management Employment Agreements
D. Share-based compensation
E. Additional information.

The information provided in this Remuneration Report has been audited as required by Section 308 (3C) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

Remuneration Policy

The Becton Property Group has established a senior management remuneration framework to ensure that reward for performance is competitive and appropriate for the business results delivered. The framework aligns senior management executive remuneration with achievement of strategic objectives, the creation of value for shareholders and conforms to market practice for delivery of rewards.

The Group seeks to:

- Provide a fair and competitive fixed remuneration for senior management under transparent policies and procedures;
- Reward senior management for attaining prescribed short term individual, business unit and Group performance outcomes set by management under direction from the Board; and
- Provide appropriate incentives for senior management linked to long term Group or business unit performance.

Remuneration Committee

The purpose of the Remuneration Committee of the Board of Directors is to, inter alia, review and recommend to the Board for approval:

- Overall policies for remuneration and employment;
- The quantum and structure of remuneration for Directors and senior management; and
- Performance measures and performance outcomes for Directors and senior management.

The Remuneration Committee assesses appropriateness of remuneration arrangements for non-executive Directors and senior management by reference to relevant market conditions with the overall objective of ensuring maximum stakeholder benefit with the retention of an experienced high quality Board and senior management team.

Non-executive Director Remuneration

Fees and payments to non-executive Directors are designed to:

- Attract and retain Directors with the appropriate qualifications, experience and commitment, at appropriate cost to the Company; and
- Reflect the demands which are made on, and the responsibilities of Directors.

Non-executive Directors fees and payments are reviewed annually to ensure non-executive Directors fees are appropriate and in line with the external market. The fees for non-executive Directors also take into consideration roles on Board Committees.

Chairman

The Chairman receives a fee of $140,000 per annum.

Non-executive Director's fees

The Constitution and ASX Listing Rules specify that the aggregate remuneration for non-executive Directors shall be determined from time to time by a general meeting of shareholders.

Each non-executive Director has signed a Letter of Appointment that outlines the Directors' duties and responsibilities and the fee to be paid to that Director. Fees paid cover both the Board and any committee positions where the non-executive Director is a member. The non-executive Directors' emoluments are comparable to similar companies in the property industry. There is no formal link between Company performance and these emoluments.

Retirement allowances for non-executive Directors

It is the policy of the Company not to pay lump sum retirement allowances to non-executive Directors.

Senior management remuneration

The senior management pay and reward framework has three components:

- Total Fixed Remuneration, including superannuation and benefits;
- Short term performance incentives; and
- Retention Payment Scheme.

The combination of these components comprises senior management's total remuneration.

Total Fixed Remuneration

This is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non financial benefits at the senior management team member's discretion.

Base Salary

Senior management are offered a competitive base salary that comprises the fixed component of pay and rewards including superannuation contributions (in accordance with the *Superannuation Guarantee (Administration) Act 1992)*. External remuneration data ensures base salary reflects the market for a comparable role. The base salary for a member of senior management is reviewed annually to ensure that their pay is competitive with the market. A member of senior management's pay is also reviewed on promotion and there are no guaranteed base salary increases in any employment agreements.

Benefits

Benefits may include:-

- Car parking and leased motor vehicles;
- Expense payment benefits; and
- Staff discounts on purchased property from Becton.

Short Term Incentives (STI)

Employees participate in a Short Term Incentive program with any payments made by September of each year in relation to the financial year ended on the previous June, ensuring that variable reward is only available after value has been created for shareholders.

Directors' Report (continued)

Employees have an opportunity to receive an STI, depending on Key Performance Indicators (KPIs). For the year ended 30 June 2011, the KPIs were based on business and individual performance objectives and targets that were set at the beginning of the year.

All STI payments to be made are reviewed and approved by the Remuneration Committee. The STI program is reviewed annually by the Remuneration Committee.

Retention payments

The objective of the retention payments is to reward and retain key senior employees in the current challenging financial and employment markets. The pre-determined cash payments are paid provided they remain employed at the end of the financial year and contribute to a level determined acceptable by the CEO.

B. Details of Remuneration

Amounts of Remuneration

Details of the remuneration of the Directors and key management personnel (as defined in AASB 124 *Related Party Disclosures)* of the Becton Property Group are set out in the following tables.

The key management personnel of the Becton Property Group include the Directors and the following members of senior management employed by the Group during the financial year who have authority for planning, directing and controlling the activities of the entity:

- Damian Dalgliesh – *CEO – Development and Construction*
- Sebastian Catalfamo – *Head of Development*
- Stuart Nicolson - *CEO – Retirement*
- Giovanni (John) Ciardulli - *Company Secretary, Group General Counsel and Tax Manager*
- James Goodwin – *CEO - Funds Management (employment ceased 16 December 2010)*
- Jason Vanderzalm – *Chief Financial Officer & Joint Company Secretary (employment ceased 24 December 2010)*

2011	**Short term**				**Post Employment**			**Retention**	**Total**
	Salary	**At risk retention payments**	**At risk incentive(2)**	**Non monetary benefits(3)**	**Super**	**Long service leave**	**Termination**	**At risk incentive - deferred payments(4)**	
Non Executive Directors									
W J Conn (Chairman)	128,440	-	-	-	11,560	-	-	-	140,000
R Critchley	73,394	-	-	-	6,606	-	-	-	80,000
P Dempsey	73,394	-	-	-	6,606	-	-	-	80,000
Executive Directors									
M B Chun	577,698	-	233,750	8,007	15,199	19,615	-	137,500	991,769
Other Key Management Personnel									
D Dalgleish	326,794	-	123,906	8,007	15,199	16,462	-	62,500	552,868
S Catalfamo	300,000	-	98,500	8,007	15,199	7,477	-	50,000	479,183
S Nicolson	334,801	-	122,083	-	15,199	13,453	-	62,500	548,036
J Ciardulli*	152,547	-	25,000	14,061	14,087	6,341	-	10,000	222,035
J Goodwin (6)	187,517	-	-	4,004	7,600	-	366,249	26,040	591,410
J Vanderzalm (7)	139,239	-	-	4,004	7,600	-	332,518	12,500	495,861
	2,293,824	**-**	**603,239**	**46,089**	**114,853**	**63,348**	**698,767**	**361,042**	**4,181,162**

* J Ciardulli appointed Joint Company Secretary 6 December 2010.

Directors' Report (continued)

2010	Short term				Post Employment			Long Term	Total
	Salary	At risk retention payments(1)	At risk incentive(2)	Non monetary benefits(3)	Super	Long service leave	Termination	At risk incentive - deferred payments(4)	
Non Executive Directors									
W J Conn (Chairman)	107,798	-	-	-	9,702	-	-	-	117,500
R Critchley	73,394	-	-	-	6,606	-	-	-	80,000
J Hazel(8)	73,394	-	-	-	6,606	-	-	-	80,000
P Dempsey	73,394	-	-	-	6,606	-	-	-	80,000
B Pollock(5)	48,165	-	-	-	4,335	-	-	-	52,500
Executive Directors									
M B Chun	565,466	225,000	228,398	24,395	14,461	13,329	-	137,500	1,209,501
Other Key Management Personnel									
D Dalgleish	288,323	150,000	98,000	7,895	14,461	4,746	-	50,000	613,425
S Catalfamo	289,644	120,000	98,000	7,895	14,461	11,976	-	50,000	591,976
S Nicolson	290,243	150,000	81,000	-	14,461	-	-	20,000	555,705
J Goodwin	258,579	150,000	43,750	1,960	14,461	9,172	-	25,000	502,922
J Vanderzalm	252,644	150,000	48,125	7,895	14,461	4,222	-	25,000	502,372
	2,321,046	**945,000**	**597,273**	**50,040**	**120,620**	**43,445**	**-**	**307,500**	**4,588,541**

(1) At risk retention payments are the total amounts paid or payable to the employee on 31 July 2009 and 31 October 2009 for remaining with the Group from November 2008. Employees receiving this offer were not granted an equity-based long term incentive in the FY09 year.

(2) Short term at risk incentives relate to the achievement of individual performance targets for the respective financial year, which are measured and paid by September of the following financial year. The amounts included are amounts paid, although the maximum incentive may be more than this. For prior year reporting purposes, the 2010 financial year payments have been amended to actual payments made for the relevant period, rather than the maximum incentive payable.

(3) Non monetary benefits include one or a combination of motor vehicles, car parking and other non-cash fringe benefits.

(4) Long term at risk incentive - deferred payments reflects those deferred cash payments which form part of the remuneration package and are payable by September of the following financial year. This deferred cash arrangement replaced the equity based incentives that existed prior to the FY10 year. All unvested equity grants from previous periods were voluntarily forfeited by all employees for no consideration in May 2010 as part of the winding up of the Employee security plans and are not included in the table above. The value of equity based incentives, granted in previous financial periods, that were forfeited in May 2010 by key management personnel and impacted the profit and loss in the 2010 financial year were as follows:

	Equity based incentives forfeited during 2010. Amounts included in P&L for 2010
Executive Directors	
M B Chun	$70,582
Other Key Management Personnel	
D. Dalgleish	$18,703
S Catalfamo	$26,234
S. Nicolson	$21,769
J Goodwin	$48,408
J. Vanderzalm	$17,920
Total	**$203,616**

(5) Mr Pollock resigned as Chairman of the Group on 16 November 2009.

(6) Mr Goodwin's position was made redundant on the sale of the funds management business effective 16 December 2010.

(7) Mr Vanderzalm's role as CFO was made redundant following the sale of the funds management business effective 24 December 2010.

(8) Mr Hazel resigned as Non-Executive Director on 1 July 2010.

All of the listed key management personnel above held those positions for the full year unless noted.

The relative proportion of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		Short term - At Risk Incentive		Short term – At Risk Retention		Long term - At Risk Incentive	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Executive Directors								
M B Chun	**63%**	**51%**	**24%**	**19%**	**0%**	**19%**	**13%**	**11%**
Key Management Personnel								
D Dalgleish	**66%**	**51%**	**22%**	**16%**	**0%**	**24%**	**12%**	**9%**
S Catalfamo	**69%**	**55%**	**21%**	**17%**	**0%**	**20%**	**10%**	**8%**
S Nicolson	**66%**	**55%**	**22%**	**15%**	**0%**	**27%**	**12%**	**3%**
J Ciardulli	**84%**	**N/A**	**11%**	**N/A**	**0%**	**N/A**	**5%**	**N/A**
J Goodwin	**88%**	**57%**	**0%**	**9%**	**0%**	**30%**	**12%**	**4%**
J Vanderzalm	**92%**	**56%**	**0%**	**10%**	**0%**	**30%**	**8%**	**4%**

C. Executive or Senior management employment agreements

Remuneration and other terms of employment for the Chief Executive Officer and other key management personnel are formalised in senior management employment agreements.

Matthew Chun, Chief Executive Officer

- An ongoing employment agreement from 29 June 2009.
- Total Fixed Remuneration, inclusive of superannuation, for the year ended 30 June 2011 was \$605,767, to be reviewed annually by the Remuneration Committee
- His employment may be terminated by either party by giving twelve (12) months notice. Becton may make payment in lieu of the notice period or part of that period.

Damien Dalgleish, CEO – Development & Construction

- An ongoing employment agreement from 28 November 2008.
- Total Fixed Remuneration, inclusive of superannuation, for the year ended 30 June 2011 was \$350,000, to be reviewed annually by the Remuneration Committee
- His employment may be terminated by Becton by giving six (6) months notice and the employee by giving three (3) months notice. Becton may make payment in lieu of the notice period or part of that period.

Sebastian Catalfamo, Head of Development

- An ongoing employment agreement from 28 November 2008.
- Total Fixed Remuneration, inclusive of superannuation, for the year ended 30 June 2011 was \$323,206, to be reviewed annually by the Remuneration Committee
- His employment may be terminated by Becton by giving six (6) months notice and the employee by giving three (3) months notice. Becton may make payment in lieu of the notice period or part of that period.

Stuart Nicolson, CEO - Retirement

- An ongoing employment agreement from 3 July 2006.
- Total Fixed Remuneration, inclusive of superannuation, for the year ended 30 June 2011 was $350,000 to be reviewed annually by the Remuneration Committee
- His employment may be terminated by Becton by giving six (6) months notice and the employee by giving three (3) months notice. Becton may make payment in lieu of the notice period or part of that period.

Giovanni (John) Ciardulli, Group General Counsel, Tax Manager and Company Secretary

- An ongoing employment agreement from 6 December 2006.
- Total Fixed Remuneration, inclusive of superannuation, for the year ended 30 June 2011 was $180,378, to be reviewed annually by the Remuneration Committee
- His employment may be terminated by either party by giving six (6) months notice. Becton may make payment in lieu of the notice period or part of that period.

James Goodwin, CEO – Funds Management

- An ongoing employment agreement from 28 November 2008, until 16 December 2010 when the CEO – Funds Management role was made redundant.
- Total Fixed Remuneration, inclusive of superannuation, for the year ended 30 June 2011 was $199,120, to be reviewed annually by the Remuneration Committee
- His employment may be terminated by Becton by giving six (6) months notice and the employee by giving three (3) months notice. Becton may make payment in lieu of the notice period or part of that period.

Jason Vanderzalm, Chief Financial Officer & Joint Company Secretary

- An ongoing employment agreement from 28 November 2008, until 24 December 2010 when the CFO role was made redundant.
- Total Fixed Remuneration, inclusive of superannuation, for the year ended 30 June 2011 was $150,842, to be reviewed annually by the Remuneration Committee
- His employment may be terminated by Becton by giving six (6) months notice and the employee by giving three (3) months notice. Becton may make payment in lieu of the notice period or part of that period.

D. Security based compensation

As part of the remuneration review process last financial year the Remuneration Committee determined that the employee security plans were not achieving their intended purpose and were not economically sustainable in terms of their levels of membership, value of holdings and overall running costs. Accordingly, effective 30 June 2010 the Group, with the agreement of the plan participants, wound up all plans.

Audit Information

Non-audit services
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Company are important.

The Board has considered the position and in accordance with advice received from the Audit & Risk Management Committee, is satisfied that the provision of non-audit service is compatible with the general standard of independence for auditors imposed by the *Corporation Act 2001* and did not compromise the auditors' independence requirements of the *Corporations Act 2001* for the following reasons:

- the non-audit services do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, including reviewing or auditing the auditors own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices:

	2011	2010
Assurance Services – Deloitte Touche Tohmatsu	**$**	**$**
1. Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	**290,000**	355,000
Accounting assistance	**-**	31,000
2. Other		
Other assurance services	**350,944**	255,000
Total remuneration for assurance and taxation services	**640,994**	641,000

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is set out following the notes to the financial statements.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Becton Property Group Limited support and adhere to the principles of good corporate governance. The Company's Corporate Governance Statement is contained in this Annual Report to shareholders.

Group performance

The table below sets out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to 30 June 2011:

	30 June 2011	**30 June 2010**	**30 June 2009**	**30 June 2008**	**30 June 2007**
Revenue ($000's)	81,477	158,420	310,562	538,752	259,572
Net profit/(loss) ($000's)	(44,277)	(84,353)	(304,877)	11,518	79,198
Operating profit ($000's)	4,735	4,062	17,022	53,595	36,280
Share price	$0.01	$0.04	$0.15	$1.43	$3.95
Dividends/distributions per security (cents)	-	-	-	27.20	36.36
Basic earnings per security (cents)	(17.70)	(41.18)	(167.28)	7.13	65.96
Diluted earnings per security (cents)	(17.70)	(41.18)	(167.28)	7.02	65.57

Rounding of amounts to the nearest thousand dollars

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

For and on behalf of the Board

William J. Conn
CHAIRMAN
Melbourne
This 29th day of September 2011

CORPORATE GOVERNANCE STATEMENT

Introduction

Becton was established in 1976 and has a history of high quality residential construction and commercial property development. Becton Property Group Limited ("Becton" or the "Becton Group") was incorporated in November 2000 and listed on the Australian Stock Exchange (ASX) in July 2005. Becton is a diversified group involved in property development and construction and retirement village ownership and management. During the 2011 financial year the Group exited its funds management and property investment businesses. On 13 November 2006, Becton issued stapled securities whereby the Company's ordinary shares were stapled to the units in the Becton Property Trust.

The Company aims to maximise returns to its investors by capital appreciation and distribution of capital to each shareholder in proportion to their interest in the Company.

The Board of Directors is responsible for establishing the corporate governance framework of the Company and establishing appropriate Corporate Governance policies and procedures having regard to the ASX Corporate Governance Council (CGC) published guidelines as set out in its "Principles of Good Corporate Governance and Best Practice Recommendations". The Board of Directors continues to review the framework and practices to ensure they meet the interests of shareholders.

This Corporate Governance Statement is structured with reference to the CGC's published guidelines. The charters and policies laid out in this Corporate Governance Statement represent a concise version of those charters and policies that have been adopted or are currently being considered for adoption by the Board of Directors. Where a CGC recommendation has not been followed, the fact must be disclosed, together with reasons for the departure. The Company's Corporate Governance charters and policies are contained on the Company's website **www.becton.com.au** under the corporate governance section.

1. ASX CGC Principle 1

(a) Board Charter

(i) Role of the Becton Board and Company Management

The Board of Directors and management of Becton are collectively experienced in the property industry (including retirement and funds management sectors) and management of a listed public Company.

The Board is responsible for providing strategic guidance and for contributing to the development of the corporate strategy and performance objectives, including the implementation of a business strategy, the annual budget and financial plan, monitoring the Company's financial performance and ensuring that appropriate management is in place to achieve these objectives. These objectives are undertaken having regard for the interests of all stakeholders and the Company's values.

The Board appoints the Chief Executive Officer (CEO) and the Company Secretary. Under the oversight of the Board's Audit and Risk Management Committee, the Board monitors systems of risk management, compliance and financial reporting. The Board is also responsible for approving and monitoring major capital expenditure, capital management and the acquisition and divestment of assets.

The Board charter is available for review on the Company's website. This charter details the matters reserved for the Board and those that may be delegated.

(ii) Delegation of Authority

The Board may delegate the performance of any of its functions and exercise of its powers in the ordinary course of business, to its sub-committees, an officer of a subsidiary company, or any of the Company's senior management. This includes the day to day administration of its assets, including ensuring that assets are adequately insured where necessary; that detailed market investigations and effective due diligence are carried out on proposed investments or acquisitions and that capital required to fund proposed investments or acquisitions as well as general working capital requirements is adequate. In addition, under the guidance of the Board's Audit and Risk Management Committee the day to day implementation of risk management, financial management and compliance in relation to the Company's assets may be delegated to an officer of a subsidiary company or any of the Company's senior management. The Board has adopted a Statement of Delegated Authority.

(iii) Performance review for Senior Management

Senior management are subject to an annual performance review in line with policies recommended by the Remuneration Committee. For further information on this committee refer to the Remuneration Committee Charter contained in the corporate governance section of the Becton website.

Further information of the review policy and procedure is contained in ASX CGC Principle 8 below.

2. **ASX CGC Principle 2**

(a) Becton Board Structure

At the date of this report, the Board is comprised of five Directors, with a majority of the Board being non-executive Directors.

William Conn	Non-executive Chairman and Independent Director
Robert Critchley	Non-executive Director and Independent Director
Peter Dempsey	Non-executive Director and Independent Director
Jack Crumlin	Non-executive Director and Independent Director
Matthew Chun	Chief Executive Officer and Executive Director

The skills, experience and expertise relevant to the position of Director and the date of appointment of each Director in office at the date of the annual report is included in the Directors' Report.

Consistent with ASX CGC Principle 2.1, the recommendation that no independent Director holds more than 5% of the total shares on issue or that there is no material interest in the Company that would impair independence has been met by the following Directors:

William Conn	Non-executive Director and Chairman
Robert Critchley	Non-executive Director
Peter Dempsey	Non-executive Director
Jack Crumlin	Non-executive Director

The Company supports the appointment of Directors who each have a wide range of business and professional skills and experience; the details of which are recorded in the Directors' Report accompanying this Corporate Governance Statement. Each Director has a three year term of office, at the end of which they retire and seek re-election by shareholders as a Director.

Pursuant to ASX CGC Principle 1, each Director was issued with and signed a Letter of Appointment that set out the terms and conditions of their appointment including their duties and obligations as a Director of Becton, their participation on Board Committees, period of appointment, remuneration and confidentiality requirements.

Each Director has been issued with and signed a Deed of Indemnity, Insurance and Access Agreement that will indemnify, insure and protect Directors for up to 7 years after their resignation in the event of a legal matter that the Company may face in the future which relates to the period whilst they were a Director of the Company.

Each Director is required to disclose any interest which might create a potential conflict of interest with their duties, as a Director of Becton, or which would affect their independence. At the commencement of each Board meeting, Directors are asked to declare any interests held in external companies or changes in interests held in Becton since the date of the last meeting, or interests in any matters tabled at the Board meeting.

In order for Directors to bring independent judgement to bear in decision making, Directors have the right to obtain independent professional advice, if necessary, at the Company's expense.

The Company's procedure regarding the selection and appointment of new Directors, board succession planning and evaluation of the performance of the board is not consistent with ASX CGC Recommendation 2.4 only in that the Company does not have a separate nomination committee. The responsibility for those matters that are ordinarily considered by a Nomination Committee rests with the full board and accordingly the full board of the Company considers and reviews those matters as required.

The evaluation of the Board and its committees and Directors is performed at least annually as a minimum by the Chairman with the involvement of the Directors as they see fit. Such a review is also performed whenever there is a change in composition of the Board (i.e. a resignation or contemplated appointment of a Director).

A description of the skills and experience of each director is contained in the Directors' Report which precedes the Corporate Governance Report.

3. ASX CGC Principle 3

(a) Code of Conduct and Conflicts of Interest

(i) Conduct of Senior Management

Pursuant to ASX CGC Principle 3, a Code of Conduct has been established by the Company. The Board of Becton is committed to the Code of Conduct. This is communicated to the senior management of the Company who disseminate the Code to all employees who are required to adhere to the core values, together with a number of other key attributes that have been identified as being imperative to the success of Becton.

All employees must comply with all laws and regulations. This includes understanding the laws and regulations relevant to their work and complying with the legal requirements of the jurisdictions in which they operate.

Employees should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of the Company.

Senior management are responsible to the Board for the Company's performance under this Code and have operational responsibility for ensuring compliance with the Code.

The Code of Conduct aims to promote ethical and responsible decision making. Becton's employment practices include:

- induction training for all employees;
- an Equal Employment Opportunity Policy;
- Occupational Health and Safety Policies and Procedures; and
- assistance in professional development opportunities and industry based training for employees.

The Code of Conduct requires all employees to exhibit honesty, loyalty, integrity, professionalism and trust in their dealings both internally and externally. Becton aims for good corporate governance and industry best practice, and specifically requires employees to:

- avoid situations which may give rise to a conflict of interest;

- avoid situations where they may profit from their position with the Company and gain any benefit which competes with Becton's business;
- comply with all laws and regulations and Company policies and procedures;
- not undertake activities inconsistent with their employment with Becton;
- properly use Becton's assets for legitimate business purposes; and
- maintain privacy and confidentiality in both Becton's business and the information of its suppliers, customers and shareholders.

The Board have resolved that the Code of Conduct extends to guide compliance with legal and other obligations with respect to stakeholders.

The Company's Whistleblower Protection Policy offers Company officers, employees, independent contractors and their employees the opportunity to bring to the attention of management conduct which is corrupt, illegal or unethical, without fear of revenge, dismissal or discriminatory treatment.

(ii) Conflicts of Interest and related party transactions

The Board of Becton is committed to good corporate governance and aims for continuous improvement in these practices. Becton embraces high ethical standards and requires employees to demonstrate both personal and corporate responsibility. Directors, officers and employees are required to safeguard the integrity of the Company and to act in the best interests of its stakeholders, generally, shareholders and customers.

There must be no conflict, or perception of a conflict, between the interests of any Becton Director, officer or employee and the responsibility of that person to the Company and to its stakeholders. All Becton Directors, officers and employees may never improperly use their position for personal or private gain to themselves, a family member, or any other person ("associates").

Directors can only purchase Becton products on the same terms and condition available to Becton staff.

As a general rule, a conflict of interest, or the perception of a conflict, may arise if their duties involve any actual or potential business with a person, entity or organisation in which they or their associates have a substantial personal or financial interest. Accordingly, the following rules apply:

- without prior Board approval, Directors, officers and employees may not act on behalf of Becton in connection with any business or potential business involving any person, entity or organisation in which they or their associates have direct or indirect managerial influence (such as serving as an executive officer, Director, general partner or similar position or who hold a substantial ownership or beneficial interest);
- where a potential conflict exists, this should be disclosed to the Chairperson prior to any dealings taking place; and
- at the commencement of each Board meeting, Directors are asked to declare any interests held in external companies or changes in interests held in Becton since the date of the last meeting, or interests in any matters tabled at the Board meeting.

(b) Share Trading Policy

Pursuant to ASX CGC Principle 3, Recommendation 3.2, Becton's Securities Trading Policy and Procedure ensures that unpublished price sensitive information about Becton is not used in an unlawful manner. The main provisions of this policy are governed by:

- the specific requirements of the *Corporations Act 2001*;
- a prohibition of short term trading in Becton securities;
- when Directors and employees may trade in Becton securities; and
- prior notification by Directors, officers and employees of their intention to deal in Becton securities.

The Policy is as follows:

"Employees are prohibited from dealing in securities if they are privy to price sensitive information that is not publicly available."

It is assumed that Directors and senior management are likely to be in possession of unpublished price sensitive information concerning the Company by virtue of their position within the Company. As a result, those persons and their associates are prohibited from trading in the Company's securities except during a 30 day period, beginning the day after the following events:

- the announcement of half-yearly financial results;
- the announcement of annual financial results; and
- the close of any shareholders meeting.

In addition, Directors can only deal in Becton shares after having first notified the Company Secretary of their intention to buy or sell the Companies securities.

Becton's share trading policy is available from the company website; refer corporate governance section – Share Trading Policy.

4. ASX CGC Principle 4

(a) Audit & Risk Management Committee

Pursuant to ASX CGC Principle 4, Recommendation 4.1, the Company has established an Audit & Risk Management Committee.

(i) Purpose

The Audit & Risk Management Committee plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices, risk management and ensuring the independence of the Company auditor.

The charter for this Committee incorporates policies and procedures to ensure an effective focus from an independent perspective.

The Audit & Risk Management Committee oversees and appraises the quality of the audits conducted by the auditors of the Company, Deloitte Touche Tohmatsu, Chartered Accountants, who are the currently appointed auditors of Becton. Their appointment is reviewed periodically in line with industry best practice. Becton believes in the ongoing assessment of its audit arrangements and complies with any regulatory requirements to rotate the external audit partner.

The Audit & Risk Management Committee includes in its Charter the obligation to carry out a review of the effectiveness of administrative, operating and accounting controls.

Meetings of the Committee are held a minimum four times per annum, represented by at least two meetings for full-year and half-year financial accounts review, approval and recommendation of full-year and half-year financial accounts to the Board and two meetings for discussion on policies and procedures and risk management matters. The auditors of the Company, Deloitte Touche Tohmatsu, are also invited to make recommendations to the Committee of policies and procedures for discussion.

Following a recommendation by the Committee to the Board of Directors to approve the Annual and Half Year Financial Accounts, the CEO and Group Financial Controller (GFC) state in writing to the Board that the Company's Financial Reports:

- present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards;

- that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

(ii) Composition

In accordance with ASX CGC Principle 4, Recommendation 4.2, Becton's Audit & Risk Management Committee is structured so that the Committee:
(i) is comprised of non-executive independent Directors;
(ii) has an independent Chairperson, who is not Chairperson of the Board and is a qualified accountant or has significant experience in the financial industry; and
(iii) has at least three members.

External audit engagement partners are selected, appointed and rotated in line with the policy of the external audit firm.

Members of the Committee are:

Robert Critchley	Committee Chairman (Non-executive Director and Independent Director)
William Conn	(Non-executive Director and Independent Director)
Peter Dempsey	(Non-executive Director and Independent Director)
Jack Crumlin	(Non-executive Director and Independent Director)

There were 3 meetings held during the reporting period.

For details of the qualifications of the audit committee, refer to the Director's report which precedes this corporate governance section. The audit committee charter can be located at the Becton website under corporate governance – refer to Audit Risk Management Committee Charter.

5. ASX CGC Principle 5

(a) Board Continuous Disclosure Policy

Pursuant to ASX CGC Principle 5, Becton's Continuous Disclosure Policy is designed to promote transparency and investor confidence by ensuring that all interested parties have an equal opportunity to obtain information which is issued by Becton. Becton is committed to complying with the continuous disclosure obligations contained in the listing rules of the ASX and under the *Corporations Act 2001* by taking all necessary steps to ensure that all shareholders and the market have an equal opportunity to obtain and review full and timely information about Becton's securities.

The ASX defines continuous disclosure in its Listing Rules as "the timely advising of information to keep the market informed of events and developments as they occur". The Listing Rules and the Corporations Act require that a listed entity disclose to the market matters which a reasonable person would expect to have a material effect on the price or value of the entity's securities. A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

The CEO controls all Becton's communications with assistance from the Company Secretary in carrying out his responsibilities. The CEO (and Chairman where necessary) are the only two officers allowed to authorise the release of material information to the market and are responsible for ASX Listing Rule disclosure compliance. The Company's communications manager and Company Secretary are responsible for administering this policy and also responsible for dealing with the ASX in relation to all listing rule issues. The procedures which have been developed to comply with these rules include immediate reporting of any matter which could potentially have a material effect, via established reporting lines to the CEO and/or the Company Secretary.

CORPORATE GOVERNANCE STATEMENT (continued)

The Company recognises that disclosure of any price-sensitive information to the ASX must not be delayed. Following disclosure to the ASX announcements are placed on Becton's website to ensure that they are readily available to all investors and the market. The Company acknowledges that material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX and all media releases are referred to the CEO for approval prior to any release.

A copy of the continuous disclosure policy is contained on the Becton website under the corporate governance section.

6. ASX CGC Principle 6

(a) Shareholder Communications Policy

Pursuant to ASX CGC Principle 6, Becton's communication strategy is to promote effective communication with shareholders.

Becton is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Becton 's activities in a balanced and understandable way;
- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia;
- communicating effectively with its shareholders and making it easier for shareholders to communicate with Becton.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the annual report and Notices of Annual General Meeting;
- through shareholder meetings and investor relations presentations;
- through letters and other forms of communications directly to shareholders; and
- by posting relevant information on Becton's website, www.becton.com.au.

The Company's website has a dedicated Investor Relations section and endeavours to publish on the website all important Company information and relevant announcements made to the market.

The external auditors are requested to attend the annual general meeting and are available to answer shareholder's questions about the conduct of the audit and preparation of the auditors report.

By the publication of Notices of Annual General Meetings and effective communication with stakeholders, Becton ensures that shareholders gain access to relevant information to raise queries and actively participate in the Company's AGM. Investors also are able to contact the communications manager throughout the year to ask questions or raise any queries.

CORPORATE GOVERNANCE STATEMENT (continued)

7. ASX CGC Principle 7

(a) Risk Management System Statement

The Board of the Company takes a proactive approach to the Company's risk management and internal compliance and control systems. This function is dealt with by the Audit & Risk Management Committee.

In addition, the Company has a Compliance Committee comprised of the Becton Directors. This committee carries out the review and monitoring function in relation to the Becton Property Management Limited (BPML). The Compliance Committee assists the Company in its risk management by acting as an independent overseer of BPML with a focus on ensuring that it complies with the conditions of its Australian Financial Services Licence and is in compliance with the ASIC Regulatory Guides (those which are relevant to companies acting as responsible entities for managed investment schemes).

Pursuant to ASX CGC Principle 7, the Board of Directors have developed a risk policy and throughout the course of the financial year undertook a detailed risk assessment of the Company's operations, procedures and processes. This review is part of a continual risk assessment process to ensure that the Company continually reviews its procedures with a view to mitigating any risks to its success.

This review included the Company:

(a) updating its Policy and Procedure Manuals across each of its business units;
(b) reviewing its compliance policies to better align them with AS 3806 (Compliance Programs);
(c) receiving accreditation from the Retirement Villages Association for all of its managed Retirement Villages;
(d) reviewing the Compliance Plan for the fund management business; and
(e) engaging external risk management consultants to assist the Group in a review and upgrade of its risk management processes and reporting.

The Audit & Risk Management Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Committee and the Board of Directors.

The following have been identified as the behaviours that the Audit & Risk Management Committee seek to drive through the Company:

- a culture of risk control and the minimisation of risk, which is being done through natural or instinctive process by employees of the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the continual introduction of new practices and procedures in all areas of the business that will assist the Company to minimise an event or incident that could have a financial or other effect on the business and its day to day management;
- adoption of practices and procedures which will minimise commercial risks (i.e. taking out the appropriate insurance polices, or ensuring compliance reporting is up to date); and
- active encouragement for employees to identify potential risks.

In accordance with ASX CGC Principle 7, Recommendation 7.2, each of the senior management provides a report to the Directors at each board meeting and highlight in their reports any items of risk that require board input and/or direction. In addition the minutes from both the Compliance and Audit & Risk Management Committee meetings are presented to the Board and those minutes highlight any items of risk which have been brought to the respective Committees' attention.

The Company's declaration of sound system of risk management and internal control is not consistent with ASX CGC Principle 7, Recommendation 7.3 only in as much as the GFC tables for the Board the management representation letter provided to the external auditor, rather than a statement solely for the Board.

In accordance with Principle 7, Recommendation 7.4 the Company advises that as per Recommendation 7.2 it regularly receives reports from management with respect to risk management and receives assurance from the GFC on internal controls via the management representation letter.

The Company's policy on risk oversight and management of material business risk may be found at www.becton.com.au under the corporate governance section; refer Audit Risk Management Committee Charter.

8. ASX CGC Principle 8

(a) Board Remuneration and Nomination Policy

Pursuant to ASX CGC Principle 8, the Company has established a Remuneration Committee, made up of members of the Board of Directors. The Committee is responsible for determining and reviewing compensation arrangements for the Directors and for approving parameters within which the review of the compensation arrangements for senior management can be conducted by the CEO. The Committee will meet at least twice per calendar year.

Members of the Committee are:

William Conn	Committee Chairman (Non-executive Director and Independent Director)
Robert Critchley	(Non-executive Director and Independent Director)
Peter Dempsey	(Non-executive Director and Independent Director)
Jack Crumlin	(Non-executive Director and Independent Director)

There have been two meetings held during the reporting period, with a third meeting held in July 2011 to determine remuneration levels for senior management. Attendance of these meetings is detailed in the Directors' Report.

The Remuneration Committee will monitor and review:
- the remuneration arrangements for the CEO and other senior management;
- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive schemes; and
- the remuneration arrangements for non-executive Directors;

All remuneration and superannuation for Directors, officers and employees are paid by the Company. A breakdown of the components of remuneration has been provided for each Director and senior management in the Directors' Report which precedes the corporate governance report.

The Board is responsible for Performance Evaluation of the members of the Board and senior management against both measurable and qualitative indicators. A performance evaluation to assess remuneration paid to Directors of the Company relating to Directors fees and associated superannuation and a performance evaluation to assess remuneration paid to key management of the Company to assess remuneration paid and key performance targets was last undertaken in June 2011.

The Chairman undertakes an annual assessment of the performance of individual Directors and meets privately with each Director to discuss this assessment.

The Becton Group has not formed a separate Nominations Committee as this function is dealt with by the Board as a whole.

The Remuneration Committee charter is located on the Becton website under corporate governance - Remuneration Committee Charter.

All equity based remuneration schemes within Becton are no longer operative as at June 2011 and subsequently the Company does not have an active policy on these schemes.

Becton Property Group Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Notes	Consolidated 2011 $'000	2010 $'000
Revenue from continuing operations	5	**72,218**	150,745
Other income	6	**9,259**	7,675
Raw materials and consumables used		**(55,948)**	(143,653)
Employee benefits expense		**(12,016)**	(10,978)
Depreciation and amortisation expense	7	**(282)**	(1,192)
Impairment of other assets	7	**(13,759)**	(48,032)
Other expenses		**(5,776)**	(5,955)
Commission expense		**-**	1,857
Fair value adjustment to financial assets		**-**	(6,759)
Share of net profits of joint venture entities		**7,409**	13,726
Finance costs - net	7	**(18,306)**	(19,805)
(Loss) before income tax		**(17,201)**	(62,371)
Income tax expense	8	**(1,382)**	(2,514)
(Loss) from continuing operations		**(18,583)**	(64,885)
(Loss) from discontinued operations	45	**(28,756)**	(35,228)
(Loss) for the year		**(47,339)**	(100,113)
Other comprehensive income			
Gain/(loss) on cash flow hedges taken to equity	30	**1,984**	5,972
Total comprehensive income for the year		**(45,355)**	(94,141)
(Loss) is attributable to:			
Owners of Becton Property Group Limited		**(44,277)**	(84,353)
Minority interests		**(3,062)**	(15,760)
		(47,339)	(100,113)
Total comprehensive income for the year is attributable to:			
Owners of Becton Property Group Limited		**(42,293)**	(78,381)
Minority interests		**(3,062)**	(15,760)
		(45,355)	(94,141)
		Cents	Cents
Earnings per share for (loss) from continuing operations attributable to the ordinary owners of the parent entity:			
Basic earnings per share	43	**(6.2)**	(24.0)
Diluted earnings per share	43	**(6.2)**	(24.0)
Earnings per share for (loss) attributable to the ordinary owners of the parent entity:			
Basic earnings per share	43	**(17.7)**	(41.2)
Diluted earnings per share	43	**(17.7)**	(41.2)

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

	Notes	Consolidated 2011 $'000	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**11,134**	9,183
Trade and other receivables	10	**32,227**	21,363
Inventories	11	**62,063**	41,406
Total current assets		**105,424**	71,952
Non-current assets			
Receivables	13	**1,777**	3,884
Inventories	19	**89,944**	119,713
Investments accounted for using the equity method	14	**59,460**	52,122
Other financial assets	15	**-**	79,147
Property, plant and equipment	16	**1,373**	1,409
Investment properties	17	**33,475**	37,429
Deferred tax assets	18	**54,068**	46,804
Total non-current assets		**240,097**	340,508
Total assets		**345,521**	412,460
LIABILITIES			
Current liabilities			
Trade and other payables	20	**32,674**	34,617
Borrowings	21	**33,986**	91,885
Derivative financial instruments	23	**803**	1,850
Provisions	22	**1,237**	2,129
Liability to retirement village residents	24	**29,105**	27,944
Total current liabilities		**97,805**	158,425
Non-current liabilities			
Trade and other payables	25	**6,016**	6,117
Borrowings	26	**179,062**	193,609
Deferred tax liabilities	27	**54,074**	46,805
Provisions	28	**518**	479
Derivative financial instruments	23	**2,333**	2,853
Total non-current liabilities		**242,003**	249,863
Total liabilities		**339,808**	408,288
Net assets		**5,713**	4,172
EQUITY			
Contributed equity	29	**396,965**	338,948
Reserves	30(a)	**21,346**	(700)
Accumulated losses	30(b)	**(412,598)**	(368,321)
Equity attributable to owners of Becton Property Group Limited		**5,713**	(30,073)
Minority interest	31	**-**	34,245
Total equity		**5,713**	4,172

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

Consolidated	Notes	Attributable to members of Becton Property Group Limited: Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Minority interest $'000	Total equity $'000
Balance at 1 July 2009		**338,519**	**(6,644)**	**(283,968)**	**47,907**	**50,891**	**98,798**
Total comprehensive income for the full year		-	5,972	(84,353)	(78,381)	(15,760)	(94,141)
Transactions with owners in their capacity as owners:							
Dividends provided for or paid to minority interest in controlled entities		-	-	-	-	(886)	(886)
Employee share options - value of employee services	30	-	401	-	401	-	401
Employee share scheme transfer to share capital	30	429	(429)	-	-	-	-
Total of owner changes in equity		429	(28)	-	401	(886)	(485)
Balance at 30 June 2010		**338,948**	**(700)**	**(368,321)**	**(30,073)**	**34,245**	**4,172**

Consolidated	Notes	Attributable to members of Becton Property Group Limited: Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Minority interest $'000	Total equity $'000
Balance at 1 July 2010		**338,948**	**(700)**	**(368,321)**	**(30,073)**	**34,245**	**4,172**
Total comprehensive income for the full year		(366)	1,984	(44,277)	(42,659)	(3,062)	(45,721)
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	29,30	58,383	20,062	-	78,445	-	78,445
Dividends provided for or paid to minority interest in controlled entities		-	-	-	-	(2,973)	(2,973)
Transactions with minority interests		-	-	-	-	(28,210)	(28,210)
Total of owner changes in equity		58,383	20,062	-	78,445	(31,183)	47,262
Balance at 30 June 2011		**396,965**	**21,346**	**(412,598)**	**5,713**	**-**	**5,713**

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

Becton Property Group Limited
Cash flow statement
For the year ended 30 June 2011

	Notes	Consolidated 2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**81,268**	180,897
Payments to suppliers and employees (inclusive of goods and services tax)		**(75,626)**	(114,465)
		5,642	66,432
Dividends received		**4,632**	17,720
Other revenue		**89**	569
Interest paid		**(11,584)**	(14,364)
Income taxes paid		**-**	(2,514)
Net cash (outflow)/inflow from operating activities	42	**(1,221)**	67,843
Cash flows from investing activities			
Payments for property, plant and equipment	16	**(166)**	(1,428)
Payments for investment other financial assets		**(6,495)**	(1,202)
Payments for other financial assets		**-**	(2,000)
Repayment of loans from related parties		**-**	200
Proceeds from disposal of financial assets at fair value through profit or loss		**4,849**	-
Proceeds from return of capital (Retirement Alliance)		**-**	1,161
Distributions paid to minority interest	32	**(2,973)**	(1,878)
Interest received		**396**	305
Net cash (outflow) from investing activities		**(4,389)**	(4,842)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**-**	-
Proceeds from borrowings		**173,027**	123,918
Repayment of borrowings		**(167,346)**	(194,092)
Proceeds from sale of business unit		**1,880**	-
Net cash inflow/(outflow) from financing activities		**7,561**	(70,174)
Net increase/(decrease) in cash and cash equivalents		**1,951**	(7,173)
Cash and cash equivalents at the beginning of the financial year		**9,183**	16,356
Cash and cash equivalents at end of year	9	**11,134**	9,183

The above cash flow statements should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Becton Property Group Limited as an individual entity and the consolidated entity consisting of the aggregation of Becton Property Group Limited and its controlled entities and Becton Property Trust and its controlled entities, refer note 1(d)(i).

The financial report is presented in the Australian currency. Becton Property Group Limited is a company limited by shares, incorporated and domiciled in Australia.

It's registered office and principal place of business is: Becton Property Group Limited, Level 2 289 Wellington Parade South, East Melbourne, VIC, 3002. A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities and in the Directors' report, both of which are not part of this financial report. The financial report was authorised for issue by the Directors on 26 September 2011.

The company has the power to amend and reissue the financial report. All press releases, financial reports and other information are available on our website: www.becton.com.au.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, and the *Corporations Act 2001.*

(i) Compliance with IFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Becton Property Group Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Early adoption of standards
The Group has not elected to apply early any accounting standards that have been issued but not yet effective.

(iii) Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, derivative financial instruments and investment properties at fair value.

(iv) Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Going Concern

During the year ended 30 June 2011 the Consolidated Entity (or "Group") incurred a net loss after tax from continuing operations of $18.6 million and net cash outflows from operating activities of $1.2 million.

As at 30 June 2011 the Group had $11.1 million of cash and cash equivalents.

The Directors have prepared this financial report on a going concern basis, for the year ended 30 June 2011, after due consideration of the cash flow forecasts (forecasts) of the Group for the 12 months from the date of this report which indicate that the Group will be able to pay its debts as and when they fall due.

In forming this view the Directors have considered the following material factors;

- The cashflow forecasts indicate that the finance facilities in existence as at 30 June 2011, and over the forecast period, are sufficient for the Group to operate within normal terms and conditions.

  The assessment by the Directors included a sensitivity analysis on base case assumptions in the cash flow forecasts and a consideration of the terms and conditions attached to the debt facilities available to the company as discussed below. Based on the cash flow forecasts adopted the Directors do not anticipate the need for additional debt facilities or equity over this forecast period, outside of normal project funding as developments mature.

1 Summary of significant accounting policies (continued)

- The cash flow forecasts assume that the core assets currently under construction will continue to be developed in the normal course of business. In particular, the Directors are not expecting material fluctuations in domestic residential property prices in either of our core markets in Melbourne and Sydney, and neither are the Directors expecting material fluctuations in domestic interest rates.

  The Group currently has 3 residential development projects and 2 retirement development projects in progress and based on the support provided by financiers to date, and the success of these developments to date, the Directors have a reasonable expectation that these core assets will continue to be developed in the normal course of business and provide profit and cash inflows on the sale of the developments.

- At 30 June 2011, the Company had total borrowings of $213.1 million of which:
  - $111.1 million relates to project debt.
  - $102.0 million relates to corporate debt.

Project Debt $111.1 million:

- $7.9 million expiring in two tranches, September 2011 ($3.3 million) and October 2011 ($4.6 million). Since balance date, the Group has negotiated an extension to both facilities until May 2012.
- $26.1 million expiring in March 2012 expected to be repaid through the settlement of development projects currently under construction. The stages under construction are 100% pre sold.
- $77.1 million is non current borrowings secured by discrete active development projects with various maturity dates. These facilities are drawn down as the individual projects are developed and repaid from the settlement proceeds of the projects. These facilities are not secured by assets outside of the individual developments they relate to.

Corporate Debt $102.0 million:

- $102 million relates to a non current working capital facility of $126.0 million which expires in March 2013. This facility was extended as part of the Capital Restructure implemented on 17 June 2011 (refer Note 1(aj)).

  The cash flow forecasts indicate that the company expects to continue to need to draw down on the unused portion of the facility during the forecast period. The ability of the company to access the unused portion of the facility is subject to various terms and conditions which include the obligation to meet financial covenants that are tested at each reporting date, regular submissions of cash flow forecasts to the lender and various approvals by the lender prior to drawing down on the unused portion of this facility.

  The cash flow forecasts, prepared by management for the twelve months following the date of this report, indicate that the Group expects to operate within the terms of the facility over the forecast period.

Based on the matters outlined above, the Directors are of the view that it is appropriate that the financial statements of the Group be prepared on a Going Concern basis.

No adjustments have been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the entity does not continue as going concern.

(c) Carrying value of investment in funds managed by the Group

One of the Group's core businesses was funds management, from which it derived revenue from the management of unlisted property funds. On 16 December 2010 the Group sold its funds management business to 360 Capital Property Limited and also entered into a Call Option Deed (call option) over the Group's investment in these funds. 360 Capital Property Limited exercised the call option 30 June 2011, resulting in the Group no longer having any investments in these funds. Further details are contained in note 45.

(d) Principles of consolidation

(i) Stapling
The shares of Becton Property Group Limited (BPG) and securities of Becton Property Trust (BPT) (collectively the BPG Group or the Group) are combined and issued as stapled securities on the Australian Stock Exchange.

The shares and units cannot be traded separately and can only be traded as stapled securities. These financial statements reflect the aggregation of the consolidated financial statements of BPG and BPT.

1 Summary of significant accounting policies (continued)

For statutory reporting purposes, in accordance with AIFRS, specifically the requirements of AASB 3 Business Combinations, BPG has been identified as the acquirer in the BPG Group based on the size of its net assets and its operations and accordingly, BPG presents the consolidated financial report of the BPG Group. In accordance with these requirements the equity section of the consolidated balance sheet and the consolidated statement of changes in equity represent the aggregate equity of BPG together with BPT.

Investments in subsidiaries are accounted for at cost in the individual financial statements of BPG.

These aggregated financial statements incorporate an elimination of inter-entity balances and other adjustments necessary to present the financial statements on a combined basis.

(ii) Controlled entities
The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Group as at 30 June 2011 and the results of all controlled entities for the year then ended. Becton Property Group Limited and its controlled entities together are referred to in this financial report as the Group or the consolidated entity.

Controlled entities are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a security holding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of controlled entities by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the controlled entity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of controlled entities are shown separately in the consolidated income statement and balance sheet respectively.

Investments in controlled entities are accounted for at cost in the individual financial statements of Becton Property Group Limited.

(iii) Joint venture entities
The interests in joint venture partnerships is accounted for in the consolidated financial statements using the equity method and are carried at cost by the parent entity. Under the equity method, the share of the profits or losses of partnerships is recognised in the consolidated income statement, and the share of movements in reserves is recognised in reserves in the consolidated balance sheet. Details relating to the partnership are set out in note 40.

Profits or losses on transactions establishing joint venture partnerships and transactions with joint ventures are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture partnerships on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of GST paid.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1 Summary of significant accounting policies (continued)

Revenue is recognised for the major business activities as follows:

(i) Projects in progress and completed buildings
The Group constructs residential developments for sale to the public as well as office, retail and industrial developments, revenue is recognised on these projects upon settlement of the relevant unit, apartment or property.

Adjustment made to prior period

An adjustment has been made to the prior period statement of comprehensive income relating to internal sales and construction activity between the Development and Construction segment, and the Retirement management segment. This adjustment does not impact upon the net profit realised in the income statement in the current or prior periods.

The adjustment amounted to a $22.3 million reduction in Revenue from continuing operations and Raw materials and consumables used in the year ending 30 June 2010.

	2010 (restated) $'000	2010 $'000
Revenue from continuing operations	150,745	173,049
Raw materials and consumables used	(143,653)	(165,958)
Net profit impact	-	-

Any loss on projects is recognised as soon as it is foreseen.

(ii) Construction contracts
Where the Group constructs buildings under construction contracts with external parties, revenue is recognised on these projects on a percentage of completion basis.

(iii) Funds management income (including deferred exit fees)
Management fee revenue is recognised in accordance with the entitlement to fees for the management services provided. Revenue from activities conducted by the consolidated entity on a success fee basis is brought to account in the year on an accruals basis.

(iv) Establishment fee income
The funds management business earns establishment fees when properties that are acquired on behalf of managed funds settle. These fees are calculated in accordance with the relevant fund constitution.

(v) Deferred management fee income
Deferred Management Fees (DMF) revenue from the investment in retirement village facilities is accrued during the period a resident occupies a leased unit or apartment. The fees are only received upon the re-lease of the unit or apartment to an incoming resident. The DMF receivable is calculated according to the terms of each lease, the elapsed time of the resident occupancy and where relevant the current market value of the lease. Any difference between the receivable and the cash received when a unit or apartment is re-leased is recognised in profit or loss in the period in which the re-lease occurs.

(vi) Interest income
Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(vii) Dividends and distributions
Dividends and distributions are recognised as revenue when the right to receive payment is established.

(g) Income tax

Pursuant to the provisions of Division 6A of the Act, BPT and its controlled entities are not liable for income tax, provided that the taxable income of the Trusts are fully distributed to unitholders each year. Accordingly, income tax and deferred tax accounting is not applied in relation to BPT and its controlled trusts.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

1 Summary of significant accounting policies (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(i) Tax consolidation legislation

Becton Property Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Becton Property Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Becton Property Group Limited also recognises the current tax liabilities (or assets) and deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Becton Property Group Limited for any current tax payable assumed and are compensated by Becton Property Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Becton Property Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(h) Leases

Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases (note 16). Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 36). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

1 Summary of significant accounting policies (continued)

(i) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree’s net identifiable assets.

The excess of the consideration transferred, the amount of any minority interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(j) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from recognition.

Up until 16 December 2010, the Group managed a series of sector and single property trusts as part of its funds management business and these funds have a defined duration, at which time the underlying assets may be sold and the trust wound up. At that time, exit fees may be payable on the sale of trust property in accordance with terms of the constitution for each trust. Exit fees typically consist of a "guaranteed" exit fee and a "performance" exit fee. The performance exit fee is subject to satisfying certain criteria related to the value of the underlying assets of the trusts. Both fees are governed by the constitution of the trust and are calculated as a percentage of the value of the underlying assets to be sold. As part of the sale of the funds management business to 360 Capital Property Limited, the Group is entitled to 30% of exit fees charged and received by 360 Capital Property Limited.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

1 Summary of significant accounting policies (continued)

(m) Inventories

(i) Projects in progress and completed buildings
The cost of projects in progress and completed buildings include the direct development costs as incurred. These include direct materials, direct labour, direct borrowing costs and any other inputs to the current work in progress and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Land held for redevelopment and improvements
The cost of land for redevelopment and improvements includes the original purchase price of property purchased for development and resale and the direct holding costs such as rates, taxes and borrowing costs incurred during development, provided that the addition of these costs does not result in a book value exceeding that which would enable profit to be recognised when the property is sold.

(n) Investments and other financial assets

Classification
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss
These include financial assets that are not held for trading purposes which may be sold. These are investments in unlisted equity instruments. Financial assets designated at fair value through profit or loss at inception, are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy. The Group's policy is for the responsible entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 10) and receivables (note 13) in the consolidated balance sheet.

(iii) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and derecognition

Regular purchases and sales of investments and financial assets are recognised on trade-date-the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the income statement as part of revenue from continuing operations when the Group's right to receive payments is established.

1 Summary of significant accounting policies (continued)

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(o) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 23. Movements in the hedging reserve in shareholders' equity are shown in note 30. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the consolidated income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the consolidated income statement within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement within other income or other expense.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within ‘finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the consolidated income statement and are included in other income or other expenses.

1 Summary of significant accounting policies (continued)

(p) Property, plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost amounts, net of their residual values, over their estimated useful lives or in the case of leased plant and equipment, the shorter lease term, as follows:

- Plant and equipment	3-11 years
- Vehicles	5 years
- Furniture, fittings and equipment	7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(j)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(q) Investment properties

Investment properties, principally comprising of retirement villages, are held for long-term yields and are not occupied by the Group. Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value, representing the Directors' assessment of open-market values based on either external independent valuations or internal valuations. Gains or losses arising from changes in the fair values of investment properties are included as other income in the income statement in the period in which they arise. This includes revaluation gains when a retirement unit is transferred to a resident for the first time.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use. Any gains or losses on derecognition of an investment property are recognised in the income statement in the period of derecognition. This includes revaluation gains when a retirement unit is transferred to a resident for the first time.

The Group makes a determination, on a property by property basis, as to whether a property should be considered an investment property. Factors taken into account include:

a) whether the property generates cash flows largely independent of other services provided to residents of the properties;

b) whether the property is held for long-term capital appreciation rather than for short term sale in the ordinary course of business; and

c) the probable future use of land that is not currently generating cash flows.

(r) Intangible assets

(i) Goodwill
Goodwill is measured as described in note 1(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group’s investment in each area of operation by each primary reporting segment (note 4).

1 Summary of significant accounting policies (continued)

(ii) Brand names
Brand names represent the value of the exclusive use of the Becton business name acquired by the Group in previous years. Brand names have an indefinite useful life and are not subject to amortisation and are tested annually for impairment.

(s) Non-current assets held for sale

Non-current assets are classified as held-for-sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet.

(t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(u) Liabilities to retirement village residents

Amounts paid by residents for apartments and units are classified as a liability to the resident. The liability represents the residents share of the expected proceeds from the re-lease of the apartment or unit. The expected proceeds are based on independent valuations of gross realisable value after taking into account expected fees payable to the owner (accrued deferred management fees, 1(f)(v)).

The liability is recognised as soon as the resident signs a lease agreement. Liabilities to retirement village residents are non interest bearing and repayable after the residents departure. Liabilities to retirement village residents are classified as current liabilities because the Group does not have an unconditional right to defer settlements for greater than 12 months. History has shown that residents stay for an average period of 8 to 12 years in Independent Living Units (ILUs) and 3 to 6 years in serviced apartments.

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

1 Summary of significant accounting policies (continued)

(w) Borrowing costs

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(x) Provisions

Provisions for legal claims and dividends are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of managements best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(y) Onerous contacts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract is less than the unavoidable cost of meeting the obligations under that contract, and only after any impairment losses to assets to that contract have been recognised.

The provision recognised is based on the excess of the estimated cash flows to meet the unavoidable costs under the contract over the estimated cash flows to be received in relation to the contract, having regard to those risks of the activities relating to the contract.

(z) Employee benefits

(i) Wages and salaries and annual leave
Liabilities for wages and salaries and annual leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments
Share-based compensation benefits were provided to employees via the Becton Executive Option Plan (BEOP) and the Becton Deferred Employee Share Plan (BDESP). Information relating to the schemes is set out in note 44.

The BEOP and BDESP provided benefits to employees in previous financial years, these were cancelled in June 2010.

Where issued, the fair value of options granted under the BEOP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

Where issued, the fair value at grant date is independently determined using a Binomial Approximation option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

1 Summary of significant accounting policies (continued)

The Group also provided long term incentive benefits to staff in prior years, these were in the form of on-market acquisitions of Group securities by the independent BDESP manager based on amounts salary sacrificed by staff. The purchase of securities is measured at cost and recognised over the period during which the employees become unconditionally entitled to the securities.

If a grant of equity instruments is cancelled or settled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) the cancellation or settlement is accounted for as an acceleration of vesting, and the amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately.

(iv) Bonus plans
The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(aa) Commission costs

Commission costs to financial planners and platforms were incurred by the Group on equity raised into Becton managed funds. Commission costs include upfront and trail commissions. Upfront commission costs are recognised as an expense in full when the equity is raised based on the contractual terms. Trail commission costs are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date, calculated based on the contractual terms over the expected duration of underlying equity invested.

The discount used to determine the present value reflects the current market assessment of the time value of money and the risks specific to the liability. The increase in the trail commissions liability due to the passage of time is recognised as interest expense.

(ab) Contributed equity

Ordinary shares and units are classified as equity (note 29).

Incremental costs directly attributable to the issue of new shares or units are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or units for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(ac) Dividends and distributions

Provision is made for the amount of any dividend and distribution declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(ad) Earnings per security

(i) Basic earnings per security
Basic earnings per security is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary securities, by the weighted average number of ordinary securities outstanding during the financial year.

(ii) Diluted earnings per security
Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary securities that would have been outstanding assuming the conversion of all dilutive potential ordinary securities.

1 Summary of significant accounting policies (continued)

(ae) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(af) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(ag) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ah) New accounting standards and interpretations

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may affect the accounting for future transactions or arrangements; and has affected the disclosures in these financial statements.

(i) *AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and AASB 2009 13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective 1 July 2010)*
Requires the extinguishment of a financial liability by the issue of equity instruments to be measured at fair value (preferably using the fair value of the equity instruments issued) with the difference between the fair value of the instrument issued and the carrying value of the liability extinguished being recognised in profit or loss. The Interpretation does not apply where the conversion terms were included in the original contract (such as in the case of convertible debt) or to common control transactions.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(ii) AASB 9 Financial Instruments (December 2010), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 July 2013)
A revised version of AASB 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over of the existing derecognition requirements from AASB 139 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

1 Summary of significant accounting policies (continued)

(iii) AASB 11 Joint Arrangements (effective from 1 July 2013)
Replaces AASB 131 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures:

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly)

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with AASB 128 Investments in Associates and Joint Ventures (2011). Unlike AASB 131, the use of 'proportionate consolidation' to account for joint ventures is not permitted.

The Group does not expect that any adjustments will be necessary as the result of applying the revised rules.

(iv) AASB 12 Disclosure of Interests in Other Entities (effective from 1 July 2013)
Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

In high-level terms, the required disclosures are grouped into the following broad categories: Significant judgements and assumptions, Interests in subsidiaries, Interests in joint arrangements and associates and Interests in unconsolidated structured entities.

The Group does not expect that there will be any significant impact in the application of the revised rules.

(v) AASB 128 Investments in Associates and Joint Ventures (2011) (effective from 1 July 2013)
This Standard supersedes AASB 128 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

The Group does not expect that any adjustments will be necessary as the result of applying the revised rules.

(vi) AASB 13 Fair Value Measurement and related AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective from 1 July 2013)
Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard.

The AASB defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs.

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.

The Group does not expect that there will be any significant impact in the application of the revised rules.

(vii) AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective from 1 July 2013)

An amended version of AASB 119 Employee Benefits with revised requirements for pensions and other postretirement benefits, termination benefits and other changes.

1 Summary of significant accounting policies (continued)

The key amendments that may impact the group include:

- Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits
- Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features

The Group does not expect that there will be any significant impact in the application of the revised rules.

(viii) AASB 124 Related Party Disclosures (2009), AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 July 2011)

Amends the requirements of the previous version of AASB 124 to clarify the definition of a related party and include an explicit requirement to disclose commitments involving related parties. The Group does not expect that there will be any significant impact in the application of the revised rules.

(ix) AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 July 2012)

Amends AASB 112 Income Taxes to provide a presumption that recovery of the carrying amount of an asset measured using the fair value model in AASB 140 Investment Property will, normally, be through sale.1.

As a result of the amendments, Interpretation 112 Income Taxes - Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into AASB 112 the remaining guidance previously contained in Interpretation 112, which is accordingly withdrawn.

The Group has not yet assessed the impact of the application of this revised standard.

(x) AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)

These amendments arise from the issuance of the IASB Standard Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) in June 2011.

The amendments:

- Requires entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments)
- Preserves the amendments made to AASB 101 in 2007 to require profit or loss and OCI to be presented together, i.e. either as a single 'statement of profit or loss and comprehensive income', or a separate 'statement of profit or loss' and a 'statement of comprehensive income' – rather than requiring a single continuous statement as was proposed in the exposure draft
- Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).

The Group does not expect that there will be any significant impact in the application of the revised rules.

(ai) Parent entity financial information

The financial information for the parent entity, Becton Property Group Limited, disclosed in Note 46 has been prepared on the same basis as the consolidated financial statements.

1 Summary of significant accounting policies (continued)

(aj) Capital Restructure

On the 16th June 2011 securityholders and key debt providers approved a recapitalisation and debt refinancing plan (the "Plan") intended to stabilise the Group's financial position and provide longer term financing. The key elements of the Plan were:

- conversion of $85.6 million of the Group's borrowings to equity in the form of ordinary equity, options (issued to Australian Capital Reserve (ACR)) and preferred equity (issued to Bank of Scotland International Limited (BOSI));
- conversion of $22 million of the Group's borrowings from BOSI to a covenant light, interest capitalising facility; and
- extension of the Group's remaining working capital facility with BOSI (after the above conversion) from the original maturity date of August 2011 to March 2013.

The options issued to ACR have the following rights attaching:

- may be transferred to wholesale clients as defined in the Corporations Act;
- exercisable at any time;
- each option is exchangeable for one stapled security of the Group;
- have a nil exercise price;
- expire 10 years from the issue date; and
- if the Group reorganises its capital structure, in certain cases, the exercise ratio is adjusted so that a holder of options is no worse off

The preferred equity issued to BOSI has the following rights attaching:

- may be transferred to wholesale clients as definite in the Corporations Act, however there must be less than 20 holders of preferred equity at all times;
- may be exchanged into securities of the Group at any time, in accordance with an exchange formula (refer below);
- may be redeemed by the Group at any time for cash in accordance with the exchange formula (refer below), plus, if redemption is five years or more from implementation date, the amount of any outstanding distributions (including undeclared distributions) on the preferred equity ;
- will have the same terms as all other ordinary securities on issue and there will be no restrictions imposed on a holder's ability to trade preferred equity;
- five years after the implementation date, preferred equity will be entitled to six monthly cumulative distributions at a per annum rate of the Australian Bank Bill Swap Bid Rate plus 5.0% per annum subject to declaration by the Group;
- for the five years following implementation date, the Group cannot pay distributions on ordinary securities;
- five years after the implementation date, the Group cannot pay distributions on ordinary securities while any preferred equity is on issue. From that date, the Group will only be able to pay a distribution on ordinary securities if all outstanding, declared an undeclared distribution on the preferred equity, have been paid;
- if the Group reorganises its capital structure, in certain cases, the exchange formula is adjusted so that a holder of preferred equity is no worse off; and
- under certain circumstances the holder of preferred equity may demand redemption for the greater of:
  - face value of the preferred equity plus an amount equal to 10% of the face value of the preferred equity per annum calculated from the date of issue until the redemption date, compounded annually for each year (but not part of a year) the preferred equity has been on issue plus any outstanding distributions owing on the preferred equity; and
  - 39.06 times the 30 day volume weighted average price of ordinary securities plus any outstanding distributions owed on the preferred equity.

1 Summary of significant accounting policies (continued)

Exchange Formula

Months from Implementation Date	Time Based Multiplier	Number of Ordinary securities issued per preferred equity security
0 Months	1.00	39.1
6 Months	1.05	41.0
12 Months	1.10	43.0
18 Months	1.16	45.3
24 Months	1.20	47.3
30 Months	1.27	49.6
36 Months	1.33	52.0
42 Months	1.40	54.5
48 Months	1.46	57.2
54 Months	1.54	60.0
60 Months	1.61	62.9

Further details on the Plan are contained within the Securityholder and Noteholder meeting booklets available from the Group's website: (www.becton.com.au).

(ak) Interest in joint venture

The Group has a 50% interest in a joint venture entity, Retirement Finance SPV Pty Ltd (or "Retirement Alliance"), with a carrying value of $55.9 million at 30 June 2011, which is accounted for using the equity method. The Retirement Alliance has a finance facility, drawn to $73.6 million as at 30 June 2011, which is due to expire in November 2011. The current financiers have indicated a desire to reduce their exposure to the Retirement Alliance in the next 12-18 months. As such, the Retirement Alliance has engaged with several debt providers to refinance the facility, or part-thereof, away from the current financier.

The Directors of the Group have been advised by the Directors of the Retirement Alliance that negotiations to refinance the facility are continuing with a number of debt providers, including the current provider. However, at the date of this report no agreement has been reached for the refinance of this facility.

In the absence of an agreement with a debt provider to refinance this facility, which expires in November 2011, there is significant uncertainty in relation to the Retirement Alliance being able to continue as a going concern without the continued support of the current debt provider.

The Directors are also of the opinion that there is a risk that any future refinancing of this facility will be at less commercially attractive terms with regards to both pricing and term. This in turn creates uncertainty over the carrying value of the Group's investment in the Retirement Alliance, as finance costs increase and values of assets decrease where debt amortisation becomes a priority.

Based on the above, there is significant uncertainty over the carrying value of the Group's investment in the Retirement Alliance.

2 Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, aging analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

2 Financial risk management (continued)

Risk management is carried out by the Group finance department under policies approved by the Board of Directors. The Group finance department identifies, evaluates and hedges financial risks in close co operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments, and investment of excess liquidity.

The group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2010.

The Group holds the following financial instruments:

	Consolidated	
	2011	2010
	$'000	$'000
Financial assets		
Cash and cash equivalents	**11,134**	9,183
Trade and other receivables	**34,004**	25,247
Financial assets at fair value through profit or loss	**-**	79,147
	45,138	113,577
Financial liabilities		
Trade and other payables	**38,690**	40,734
Borrowings	**213,048**	285,494
Derivative financial instruments	**3,136**	4,703
	254,874	330,931

(a) Market risk

(i) Price risk
The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk.

(ii) Cash flow and fair value interest rate risk
The Group's main interest rate risk arises from short term and long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2011 and 2010, the Group's borrowings at variable interest rate were denominated in Australian Dollars. Cash and cash equivalents above are at variable interest rates and thus are also subject to interest rate risk.

As at the end of each reporting period, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	30 June 2011		30 June 2010	
Consolidated	**Weighted average interest rate %**	**Balance $'000**	Weighted average interest rate %	Balance $'000
Bank loans	**8.3%**	**213,048**	6.3%	232,934
Interest rate swaps (notional principal amount)	**7.0%**	**(40,000)**	7.1%	(90,000)
Net exposure to cash flow interest rate risk		**173,048**		142,934

An analysis by maturities is provided in (c) below.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

2 Financial risk management (continued)

Sensitivity
At 30 June 2011, if interest rates had changed by +/- 125 basis points from the year end rates with all other variables held constant, post tax profit for the year would have been $2,024,000 lower/higher (2010 change of +/- 125 bps: $1,672,000 lower/higher), mainly as a result of higher/lower interest expense from short term and long term borrowings. Equity would have been $2,609,000 higher/lower (2010 change of +/- 125bps: $3,433,000 lower/higher) mainly as a result of an increase/decrease in the value of the retained earnings.

(iii) Summarised sensitivity analysis
The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

Consolidated		Interest rate risk				Unlisted investments price risk			
		-1.25%		+1.25%		-5%		+5%	
30 June 2011	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets									
Cash and cash equivalents	11,134	(139)	-	139	-	-	-	-	-
Trade receivable	34,004	-	-	-	-	-	-	-	-
Equity accounted investments	59,460	-	-	-	-	(2,973)	(2,973)	2,973	2,973
Financial liabilities	-	-	-	-	-	-	-	-	-
Derivatives - cash flow hedges	(3,136)	(500)	(2,609)	500	2,609	-	-	-	-
Trade payables	(38,690)	-	-	-	-	-	-	-	-
Borrowings	(213,048)	2,663	-	(2,663)	-	-	-	-	-
Total increase/(decrease)		2,024	(2,609)	(2,024)	2,609	(2,973)	(2,973)	2,973	2,973

Consolidated		Interest rate risk				Unlisted investments price risk			
		-1.25%		+1.25%		-5%		+5%	
30 June 2010	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets									
Cash and cash equivalents	9,183	(115)	-	115	-	-	-	-	-
Trade receivable	25,247	-	-	-	-	-	-	-	-
Other assets FVTPL	79,147	-	-	-	-	(3,957)	(3,957)	3,957	3,957
Equity accounted investments	52,122	-	-	-	-	(2,606)	(2,606)	2,606	2,606
Financial liabilities	-	-	-	-	-	-	-	-	-
Derivatives - cash flow hedges	(4,703)	(1,125)	(3,433)	1,125	3,433	-	-	-	-
Trade payables	(40,734)	-	-	-	-	-	-	-	-
Borrowings	(285,494)	2,912	-	(2,912)	-	-	-	-	-
Total increase/(decrease)		1,672	(3,433)	(1,672)	3,433	(6,563)	(6,563)	6,563	6,563

(b) Credit risk

The carrying amounts of trade and other receivables, financial assets at fair value through profit or loss and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

The Company has no concentration of credit risk with respect to trade receivables because of its diverse customer base. For customers without credit rating the Group generally retains title over the goods until full payment is received. For some trade receivables the Group may obtain security in the form of guarantee, deeds of undertaking or letters of credit which can be called upon if the counterparty default under the terms of the agreement.

The Group regularly performs risk control assessment on the credit quality of the receivables and loans to related companies. Furthermore, the Company manages its deposits with banks by monitoring credit ratings and only places deposits to banks with AA rating.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

2 Financial risk management (continued)

Financing arrangements
The Group had the following undrawn borrowing facilities at the end of each reporting period:

	Consolidated 2011 $'000	2010 $'000
Floating rate		
- Expiring within one year (bank loans)	**46,561**	4,004
- Expiring beyond one year (bank loans)	**45,188**	44,247
	91,749	48,251

Of the $91.7 million, $82.6 million relates to project debt and $9.1 million relates to corporate debt. The access to the available funds is dependent upon the Group meeting a number of conditions in relation to each specific debt facility:

(i) relevant conditions precedent, and

(ii) compliance with financial covenants and facility terms.

The secured bank loans may be drawn at any time and are subject to a range of facility maturities. The bank loan facilities may be drawn at any time (subject to no Event of Default or Potential Event of Default) in Australian dollars and have an average maturity of 1.58 years (2010: 1.06 years).

Maturities of financial liabilities
The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:
(a) all non-derivative financial liabilities, and
(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.
The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of each reporting period.

Contractual maturities of financial liabilities	**Less than 6 months**	**6 - 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contract-ual cash flows**
At 30 June 2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives						
Variable rate	31,333	16,097	200,046	-	-	247,476
Fixed rate	-	-	-	-	-	-
Total non-derivatives	31,333	16,097	200,046	-	-	247,476
Derivatives						
Net settled (interest rate swaps)	(398)	(405)	(750)	(1,560)	(475)	(3,588)
Total derivatives	(398)	(405)	(750)	(1,560)	(475)	(3,588)
At 30 June 2010						
Non-derivatives						
Variable rate	79,977	16,103	143,177	-	-	239,257
Fixed rate	7	42,079	13,673	-	-	55,759
Derivatives						
Net settled (interest rate swaps)	(1,049)	(822)	(785)	(1,743)	(940)	(5,339)
Total derivatives	(1,049)	(822)	(785)	(1,743)	(940)	(5,339)

2 Financial risk management (continued)

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 traded in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010.

At 30 June 2011	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Liabilities				
Derivatives used for hedging	**-**	**3,136**	**-**	**3,136**
Total liabilities	**-**	**3,136**	**-**	**3,136**

At 30 June 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Equity securities	-	79,147	-	79,147
Total assets	-	79,147	-	79,147
Liabilities				
Derivatives used for hedging	-	4,703	-	4,703
Total liabilities	-	4,703	-	4,703

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3 Critical accounting estimates and judgements (continued)

(i) Income taxes
The Group is subject to income taxes in Australia. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(ii) Deferred exit fees receivable
Deferred exit fee income recognised when the related deferred exit fee is earned. The Group has applied estimates and judgements to what this value is likely to be before applying an appropriate discount rate in order to arrive at a value for the receivable. It is the movement in this receivable that is taken to profit and loss each period.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date and appropriate probability rates on individual fund basis. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(iii) Financial assets at fair value through profit or loss
The fair value of investments which are not traded in an active market is determined by using valuation techniques (including discounted cash flow model or price/earnings multiple model). The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date.

The Group sold its funds management business and as part of this sale 360 Capital Diversified Property Fund and 360 Capital Developments Income Fund were subject to a Call Option which was exercised on 30 June 2011, refer to note 10 and note 45.

(iv) Deferred management fee receivables
The deferred management fee receivable is calculated according to the terms of each lease, the elapsed time of the resident occupancy and where relevant the current market value of the lease.

In making the judgement, valuation techniques on the underlying investment properties is based on independent valuation. At each reporting date the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Company determines a property's value within a range of reasonable fair value estimates.

(v) *Carrying value of inventory*

The Group carries inventory at the lower of cost and net realisable value. In assessing this, the Group has applied judgement to identify whether the inventory will be sold or further developed. If the inventory is to be sold in its current state, the Group has applied estimates in assessing the net realisable value.

(b) Critical judgements in applying the entity's accounting policies

(i) Cost of inventory sold
The Group applies judgement in determining the value of raw materials and consumables used during the period. The value of settlement proceeds received as a proportion of total settlements forecasted at balance date is applied to total forecasted raw materials and consumables expense for a project to determine the expense for the current period. This approach is based on a judgement that the latest forecast revenues and expenses at balance date are the best evidence of what the actual costs are likely to be, and therefore the best method of allocating costs to financial periods.

There has been a $22.3 million adjustment made to 30 June 2010 raw materials and consumables, refer to note 1(f)(i) for further details.

4 Segment information

(a) Description of segments

Business segments
No separate geographical segment is presented as the consolidated entity is organised into the following divisions by product and service type.

4 Segment information (continued)

Development and construction
Development of residential and commercial land, principally in south eastern Australia, including construction and sale to external purchasers.

Retirement management
Management of retirement estates in Victoria, New South Wales and Western Australia, largely via a joint venture.

Discontinued operations
The investment and property management and property investment previously reported were sold during 2011, refer to note 45.

Geographical segments
No separate geographical segment presented as the consolidated entity operates entirely within Australia.

(b) Primary reporting format - business segments

2011	Development and construction $'000	Retirement management $'000	Total consolidated continuing operations $'000
Segment revenue			
Sales to external customers	69,122	-	69,122
Other revenue	2,357	17,301	19,658
Total segment revenue	**71,479**	**17,301**	**88,780**
Intersegment elimination			-
Unallocated revenue			-
Consolidated revenue			**88,780**
Segment result	**630**	**9,289**	**9,919**
Unallocated revenue less unallocated expenses			(27,120)
Profit before income tax			(17,201)
Income tax (expense)/benefit			(1,382)
Profit for the year			**(18,583)**
Segment assets and liabilities			
Segment assets	**158,263**	**89,509**	**247,772**
Intersegment elimination			-
Unallocated assets			97,749
Total assets			**345,521**
Segment liabilities	**135,047**	**29,274**	**164,321**
Intersegment elimination			-
Unallocated liabilities			175,487
Total liabilities			**339,808**
Other segment information			
Investments in joint venture entities (note (iii))	3,517	48,534	52,051
Share of net profits of joint venture entities (note (iii))	-	7,409	7,409
Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	-	-	-
Unallocated			166
Total acquisitions			166
Depreciation and amortisation expense	15	-	15
Unallocated			267
Total depreciation and amortisation			282
Impairment of inventories (note 11)	9,360	1,403	10,763

4 Segment information (continued)

2010	Development and construction $'000	Retirement management $'000	Total consolidated continuing operations $'000
Segment revenue			
Sales to external customers	148,189	-	148,189
Other revenue	2,340	21,249	23,589
Total segment revenue	150,529	21,249	171,778
Intersegment elimination			(11,628)
Unallocated revenue			841
Consolidated revenue			160,991
Segment result	(45,642)	15,261	(30,381)
Intersegment elimination			-
Unallocated revenue less unallocated expenses			(31,990)
Profit before income tax			(62,371)
Income tax (expense)/benefit			(2,514)
Profit for the year			(64,885)
Segment assets and liabilities			
Segment assets	162,610	83,156	245,766
Intersegment elimination			-
Unallocated assets			166,694
Total assets			412,460
Segment liabilities	106,655	28,301	134,956
Intersegment elimination			-
Unallocated liabilities			273,332
Total liabilities			408,288
Other segment information			
Investments in joint venture entities (note (iii))	3,588	48,534	52,122
Share of net profits of joint venture entities (note (iii))	-	13,726	13,726
Acquisitions of plant and equipment, intangibles and other non-current segment assets	-	-	-
Unallocated			1,407
Total acquisitions			1,407
Depreciation and amortisation expense	812	-	812
Unallocated			380
Total depreciation and amortisation			1,192
Impairment of inventories (note 11)	47,651	905	48,556

(c) Notes to, and forming part of, the segment information

(i) Accounting policies
Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and Accounting Standard AASB 8 *Operating Segments.*

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, investment properties, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, liability to retirement village residents and employee benefits. Segment assets and liabilities do not include income taxes.

(ii) Inter-segment transactions
Segment revenues, expenses and results include transactions between segments. Such transactions are recorded on a cost basis and are eliminated on consolidation.

4 Segment information (continued)

(iii) Equity-accounted investments
The Group has investments in Australian joint venture entities that are accounted for using the equity method. These investments are included in the development and construction segment and the retirement management segment.

Information about major customers
Included in development and construction revenues of $69.1 million is approximately $6.75 million of revenue which arose from sales to the Group's largest customer, as part of the public private partnership (PPP) agreement with the Victorian Department of Housing for the Kensington public/private project.

5 Revenue

	Consolidated	
	2011 $'000	2010 $'000
From continuing operations		
Sales revenue		
Sale of inventory	**69,752**	149,142
Other revenue		
Services	**651**	1,202
Interest	**397**	208
Other	**1,418**	193
	2,466	1,603
	72,218	150,745

6 Other income

	Consolidated	
	2011 $'000	2010 $'000
Fair value adjustment to investment property (note a)	**2,719**	2,267
Corporate recovery from Retirement Alliance	**6,540**	5,408
	9,259	7,675

(a) Fair value adjustment to investment property

Amount represented the net changes in fair values of investment properties and liabilities to retirement village residents. They are included as other income in the period in which they arise.

7 Expenses

	Consolidated	
	2011 **$'000**	2010 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	**196**	1,077
Plant and equipment under finance leases	**4**	4
Motor vehicles	**3**	4
Total depreciation	**203**	1,085
Amortisation		
IT projects amortisation	**79**	107
Total amortisation	**79**	107
Total depreciation and amortisation	**282**	1,192
Finance costs		
Interest and finance charges paid/payable	**20,416**	31,817
Exchange losses on foreign currency borrowings	**-**	-
Realised loss on derivative financial instrument	**416**	224
Amount capitalised	**(2,526)**	(12,236)
Finance costs expensed	**18,306**	19,805
Rental expense relating to operating leases		
Minimum lease payments	**901**	884
Total rental expense relating to operating leases	**901**	884
Defined contribution superannuation expense		
Contributions to employee superannuation plans	**744**	1,369
	744	1,369
Share-based payments		
Equity-settled share-based payments	**-**	402
	-	402
Write down / impairment of other assets		
Write down in inventory to net realisable value	**9,496**	48,556
Impairment of trade receivables	**4,263**	(524)
Total impairment losses - other assets	**13,759**	48,032

8 Income tax expense/(benefit) relating to continuing operations

	Consolidated	
	2011	2010
	$'000	$'000
(a) Income tax expense/(benefit)		
Current tax	**2,396**	-
Deferred tax	**(1,014)**	2,514
Total income tax expense recognised in the current year related to continuing operations	**1,382**	2,514
Deferred income tax (revenue)/expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 18)	**(8,283)**	(13,188)
Increase in deferred tax liabilities (note 27)	**7,269**	15,702
	(1,014)	2,514

	Consolidated	
	2011	2010
	$'000	$'000
(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable		
(Loss)/profit from continuing operations before income tax expense	**(17,206)**	(62,371)
Tax at the Australian tax rate of 30% (2010: 30%)	**(5,162)**	(18,711)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment	**3**	5
Consolidated net profit attributable to stapled trust	**4,661**	9,278
Sundry items	**2,751**	12,452
	2,253	3,024
Adjustments for current tax of prior periods	**143**	(510)
Income tax (benefit)/expense	**2,396**	2,514
Total income tax (benefit)/expense	**2,396**	2,514
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity		
Net deferred tax - (credited)/debited directly to equity	**1,014**	-

(d) Tax consolidation legislation

Becton Property Group Limited and its wholly-owned Australian controlled non-trust entities have implemented the tax consolidation legislation as of 1 July 2005. The accounting policy in relation to this legislation is set out in note 1(g).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Becton Property Group Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Becton Property Group Limited for any current tax payable assumed and are compensated by Becton Property Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Becton Property Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

8 Income tax expense/(benefit) relating to continuing operations (continued)

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables (see note 10).

9 Current assets - Cash and cash equivalents

	Consolidated	
	2011	2010
	$'000	$'000
Cash at bank and in hand	**11,134**	9,183
Balances per statement of cash flows	**11,134**	9,183

(a) Cash at bank and on hand

Cash at bank represents cash held in transactional bank accounts. These bear interest rates between 1% and 5% (2010: between 1% and 4%) per annum.

10 Current assets - Trade and other receivables

	Consolidated	
	2011	2010
	$'000	$'000
Trade receivables	**5,564**	22,007
Provision for impairment of trade receivables (a)	**-**	(1,486)
Net trade receivables	**5,564**	20,521
Other receivables	**26,168**	252
Prepayments	**495**	590
	32,227	21,363

The other receivables include $26.2 million for the call option which was exercised on the 30 June 2011 by 360 Capital Property Limited, with settlement of cash occurring on 6th July 2011.

(a) Provision for impairment of trade receivables

In the prior year, this represents a provision raised against fees receivable at balance date that are not expected to be received by their due date. The amount provided is calculated by discounting the receivables from the date they are expected to be received.

Movements in the provision for impairment of receivables (including non-current impairments) are as follows:

	Consolidated	
	2011	2010
	$'000	$'000
At 1 July	**3,469**	2,895
Provision for impairment (reversed) / recognised during the year (i)	**(3,469)**	574
	-	3,469

(i) Due to the divestment of the funds management business, all exit fees and management fees owed by the funds formerly managed by the Group have been written off, including all provisions on the collection of those fees.

10 Current assets – Trade and other receivables

(b) Past due but not impaired

As of 30 June 2011, trade receivables of $5.3 million (2010: $11.0 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Up to 3 months	**4,790**	10,879
3 to 6 months	**512**	124
	5,302	11,003

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables note 2(b).

(c) Effective interest rates and credit risk

The Group has no exposure to interest rate risk on its receivables as all are non-interest bearing.

Any deferred exit fees expected to be received in the next 12 months have been included as part of trade receivables.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of receivables mentioned above. The fair value of securities held for certain trade receivable is insignificant as is the fair value of any collateral sold or repledged. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

11 Current assets - Inventories

	Consolidated	
	2011	2010
	$'000	$'000
Projects in progress		
- at cost	**33,772**	33,662
- at net realisable value	**14,216**	3,575
	47,988	37,237
Finished goods		
- at cost	**14,075**	4,169
	62,063	41,406

(a) Projects in progress

Projects in progress represent capitalised costs incurred on projects under construction at year end.

(b) Finished goods

Finished goods represent capitalised costs incurred on projects completed and available for sale at year end.

(c) Inventory expense

Write downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2011 amounted to $9.5 million (2010: $48.6 million).

Inventories are pledged as security for external borrowings, refer to Note 26(d).

12 Current assets - Construction contracts

	Consolidated	
	2011	2010
	$'000	$'000
Contracts in progress		
Construction costs incurred plus recognised profits	**7,445**	3,323
Less progress billings	**(7,611)**	(2,750)
	(166)	573

Recognised and included in the financial statements are amounts due:		
From customers under construction contracts	**(166)**	573
	(166)	573

At balance date progress billings exceeded construction costs incurred resulting in a net liability position.

At 30 June 2011 no retentions were held by customers for contract work (30 June 2010: $Nil).

13 Non-current assets - Receivables

	Consolidated	
	2011	2010
	$'000	$'000
Deferred exit fees	**1,777**	5,867
Provision for impairment of trade receivable (note 10(a))	**-**	(1,983)
	1,777	3,884
	1,777	3,884

The carrying amounts of non-current receivables approximate their fair values.

14 Non-current assets - Investments accounted for using the equity method

	Consolidated	
	2011	2010
	$'000	$'000
Interest in joint venture entities (note 40)	**59,460**	52,122
	59,460	52,122

(a) Interest in joint venture entities

The interest in joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting. For all interests held by the Group in joint venture entities, ownership and voting power do not exceed 50% and do not constitute control (refer to note 40).

The Group has a 50% interest in a joint venture entity the Retirement Finance SPV Pty Ltd (Retirement Alliance), with a carrying value of $55.9 million at 30 June 2011. The Retirement Alliance has a $73.6 million facility which is due to expire in November 2011. Refer to Note 1(ak) for further information.

15 Non-current assets - Financial assets at fair value through the profit and loss

	Consolidated	
	2011 $'000	2010 $'000
Other unlisted securities		
Equity securities	-	79,147
	-	79,147

The equity securities the Group held in 360 Capital Diversified Property Fund and 360 Capital Developments Income Fund were divested during the period, refer to note 45.

16 Non-current assets - Plant and equipment

	Plant and equipment $'000	Motor vehicles $'000	Leased plant & equipment $'000	Total $'000
At 1 July 2009				
Cost or fair value	1,275	64	54	1,393
Accumulated depreciation	(118)	(47)	(21)	(186)
Year ended 30 June 2010				
Opening net book amount	1,157	17	33	1,207
Additions	1,407	-	-	1,407
Assets included in a disposal group classified as held for sale and other disposals	(86)	-	-	(86)
Depreciation charge	(1,111)	(4)	(4)	(1,119)
Closing net book amount	1,367	13	29	1,409
At 30 June 2010				
Cost or fair value	1,530	64	54	1,648
Accumulated depreciation	(163)	(51)	(25)	(239)
Net book amount	1,367	13	29	1,409

	Plant and equipment $'000	Motor vehicles $'000	Leased plant & equipment $'000	Total $'000
Year ended 30 June 2011				
Opening net book amount	1,367	13	29	1,409
Additions	166	-	-	166
Assets disposed	-	-	-	-
Depreciation charge	(196)	(3)	(3)	(202)
Closing net book amount	1,337	10	26	1,373
At 30 June 2011				
Cost or fair value	1,696	64	54	1,814
Accumulated depreciation	(359)	(54)	(28)	(441)
Net book amount	1,337	10	26	1,373

17 Non-current assets - Investment properties

	Consolidated	
	2011	2010
	$'000	$'000
At fair value		
Opening balance at 1 July	**37,429**	19,441
Disposal of assets	**(24,368)**	-
Net (loss)/gain from fair value adjustment	**(5,981)**	(257)
Transfer from investment properties under construction	**26,395**	18,245
Closing balance at 30 June	**33,475**	37,429

(a) Amounts recognised in profit or loss for investment properties

Cumulative change in fair value recognised in profit and loss of investment property	**2,718**	2,851
	2,718	2,851

(b) Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The 2011 revaluations were performed by the lead retirement valuer for CBRE who has conducted the last four major rounds of valuations for Becton Living. The valuer has completed multiple visits to most of our retirement sites and is respected in the industry as a retirement valuation expert with significant experience. The valuations were based on independent assessments made by a member of the Australian Property Institute as at balance date.

(i) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
(ii) discounted cash flow projections based on reliable estimates of future cash flows
(iii) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

18 Non-current assets - Deferred tax assets

	Consolidated	
	2011	2010
	$'000	$'000
The balance comprises temporary differences attributable to:		
Accrued expenses	**503**	358
Employee benefits	**350**	582
Capital raising costs	**653**	1,687
Tax losses	**30,872**	16,096
Write down of inventories	**2,993**	8,930
Write down of intangibles and others	**-**	4,301
Other	**18,697**	14,850
Net deferred tax assets	**54,068**	46,804

18 Non-current assets – Deferred tax assets (continued)

	Consolidated	
	2011	2010
	$'000	$'000
Movements:		
Opening balance at 1 July	**46,805**	33,616
Credited to the income statement	**(8,061)**	15,862
Credited/(charged) to equity	**(1,014)**	-
Transferred on acquisition of subsidiary (charged) to equity	**-**	-
Current period tax loss	**16,053**	(4,901)
Prior period overprovision	**291**	4,740
Tax offset carried forward	**-**	(2,513)
Closing balance at 30 June	**54,074**	46,804

Deferred tax asset are recognised for tax losses to the extent that realisation of the related tax benefit through the future taxable profits is probable. At 30 June 2011, the Group had unrecognised tax losses of $36.8 million (2010: $27.4 million) to carry forward against future taxable income. The tax losses have no expiry date.

19 Non-current assets - Inventories

	Consolidated	
	2011	2010
	$'000	$'000
Projects in progress		
- at cost	**73,742**	64,058
- at net realisable value	**6,576**	9,867
	80,318	73,925
Investment properties under construction		
- at fair value	**9,626**	45,788
	9,626	45,788
	89,944	119,713

Non-current inventories represent projects in progress which will not be completed within 12 months from the balance sheet date.

20 Current liabilities - Trade and other payables

	Consolidated	
	2011	2010
	$'000	$'000
Trade and other payables	**25,161**	12,774
Accrued expenses	**7,513**	21,843
	32,674	34,617

The Group has financial risk management policies in place to ensure all payables are paid within the pre agreed credit terms.

21 Current liabilities - Borrowings

	Consolidated	
	2011	2010
	$'000	$'000
Secured		
Bank loans	**33,974**	91,873
Lease liabilities (note 36)	**12**	12
Total secured current borrowings	**33,986**	91,885

(a) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 2.

(b) Fair value disclosures

Details of the fair value of borrowings for the Group are set out in note 26.

(c) Security

Details of the security relating to each of the secured liabilities and further information on the bank loans are set out in note 26.

22 Current liabilities - Provisions

	Consolidated	
	2011	2010
	$'000	$'000
Employee benefits	**1,237**	1,958
Provision for distributions to minority interests	**-**	171
	1,237	2,129

(a) Amounts not expected to be settled within the next 12 months

Employee benefits include provisions for annual leave. The entire obligation is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months.

22 Current liabilities – Provisions (continued)

(b) Movements in provisions

Movements in each class of provision during the financial year are set out below:

2011	**Employee benefits $'000**	**Distributions to minority interests $'000**	**Total $'000**
2011			
Current			
Carrying amount at start of year	1,958	171	2,129
Charged/(credited) to profit or loss			
- additional provisions recognised	1,237	-	1,237
- payments	(1,958)	(171)	(2,129)
Carrying amount at end of year	1,237	-	1,237
2010			
Carrying amount at start of year	1,591	1,163	2,754
- additional provisions recognised	1,958	171	2,129
- payments	(1,591)	(1,163)	(2,754)
Carrying amount at end of year	1,958	171	2,129

23 Derivative financial instruments

	Consolidated	
	2011 $'000	2010 $'000
Current liabilities		
Interest rate swaps - cash flow hedges	**803**	1,850
Total current derivative financial instrument liabilities	**803**	1,850
Non-current liabilities		
Interest rate swaps - cash flow hedges	**2,333**	2,853
Total non-current derivative financial instrument liabilities	**2,333**	2,853
Total derivative financial instrument (liabilities)/assets	**(3,136)**	(4,703)

24 Current liabilities - Liability to retirement village residents

	Consolidated	
	2011	2010
	$'000	$'000
Liability to retirement village residents - see note 1(f)	**29,105**	27,944
	29,105	27,944

Amounts paid by residents for apartments and units are classified as a liability to the resident. The liability represents the residents share of the expected proceeds from the re-lease of the apartment or unit. The expected proceeds are based on independent valuations of gross realisable value after taking into account expected fees payable to the owner (accrued deferred management fees, note 1f(v)). The liability is recognised as soon as the resident signs a lease agreement. Liabilities to retirement village residents are non-interest bearing and repayable after the residents departure. Liabilities to retirement village residents are classified as current liabilities because the Group does not have an unconditional right to defer settlements for greater than 12 months. History has shown that residents stay for an average period of 8 to 12 years in independent living units and 3 to 6 years in assisted living serviced apartments.

25 Non-current liabilities - Payables

	Consolidated	
	2011	2010
	$'000	$'000
Trade payables	**6,000**	6,000
Maintenance funds owned by residents	**16**	117
	6,016	6,117

The maintenance funds owned by residents represents cash deposits held on trust by the Group on behalf of retirement village residents, their fair value is equal to their carrying value.

26 Non-current liabilities - Borrowings

	Consolidated	
	2011	2010
	$'000	$'000
Secured		
Bank loans	**179,062**	141,061
Lease liabilities (note 36)	**-**	12
Total secured non-current borrowings	**179,062**	141,073
Unsecured		
Convertible notes (b)	**-**	13,673
Deferred purchase consideration (c)	**-**	38,863
Total unsecured non-current borrowings	**-**	52,536
Total non-current borrowings	**179,062**	193,609

(a) Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Bank loans	**213,036**	232,934
Lease liabilities	**12**	24
Total secured liabilities	**213,048**	232,958

(b) Convertible notes

The convertible notes were converted into ordinary equity as part of the Capital Restructure Proposal on 17 June 2011. For further details on this transaction see note 1(aj).

(c) Deferred purchase consideration

The deferred purchase consideration was converted into ordinary equity and options as part of the Capital Restructure Proposal on 17 June 2011. For further details on this transaction see note 1b.

(d) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Bank loans	**213,036**	232,934
Lease liabilities	**12**	24
Total secured liabilities	**213,048**	232,958

The bank loans of the Group are secured by first mortgages against the assets of individual projects. Bank loans related to corporate are secured against fixed and floating charges over the Group and all its remaining assets and liabilities.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

26 Non-current liabilities – Borrowings (continued)

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Consolidated	
	2011 **$'000**	2010 $'000
Current		
Floating charge		
Cash and cash equivalents	**11,134**	9,183
Receivables	**32,227**	21,363
First mortgage		
Inventories	**62,063**	41,406
Total current assets pledged as security	**105,424**	71,952
Non-current		
First mortgage		
Investment properties	**33,475**	37,429
Inventories	**89,944**	119,713
	123,419	157,142
Finance lease		
Plant and equipment	**26**	12
	26	12
Floating charge		
Receivables - non-current	**1,777**	3,884
Investments accounted for using the equity method	**59,460**	52,122
Derivative financial instruments	**(3,136)**	-
Financial assets at fair value through profit and loss	**-**	79,147
Property, plant and equipment	**1,373**	1,409
	59,474	136,562
Total non-current assets pledged as security	**182,919**	293,716
Total assets pledged as security	**288,343**	365,668

(e) Fair value

The carrying amounts and fair values of borrowings at the end of reporting period are:

	30 June 2011		30 June 2010	
Consolidated	**Carrying amount $'000**	**Fair value $'000**	Carrying amount $'000	Fair value $'000
On-balance sheet				
Non-traded financial liabilities				
Bank loans	**213,036**	**213,036**	232,934	232,934
Convertible notes	**-**	**-**	13,673	13,673
Deferred purchase consideration	**-**	**-**	38,863	38,863
Lease liabilities	**12**	**12**	24	24
	213,048	**213,048**	285,494	285,494

26 Non-current liabilities - Borrowings (continued)

(f) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2011	2010
	$'000	$'000
Bank loan facilities		
Corporate Debt		
Total facilities	**126,000**	157,000
Drawn facilities	**102,030**	141,061
Bank guarantees	**14,829**	15,324
Unused corporate debt at balance date	**9,141**	615
Project Debt		
Total facilities	**196,534**	139,816
Drawn facilities	**111,005**	92,180
Bank guarantees	**2,921**	-
Unused project debt at balance date	**82,608**	47,636

The access to the available funds is dependent upon the Group meeting a number of conditions in relation to each specific debt facility:

(i) relevant conditions precedent, and

(ii) compliance with financial covenants and facility terms.

27 Non-current liabilities - Deferred tax liabilities

	Consolidated	
	2011	2010
	$'000	$'000
The balance comprises temporary differences attributable to:		
Investment property	**19,606**	15,750
Deferred management fees	**22,061**	19,208
Deferred exit fees	**208**	1,781
Intangible assets	**4,027**	4,027
Depreciation	**605**	225
Other	**7,567**	5,814
Net deferred tax liabilities	**54,074**	46,805
Movements:		
Opening balance at 1 July	**46,805**	31,103
Charged/(credited) to the income statement (note 8)	**6,189**	11,471
Prior period overprovision	**1,080**	4,231
Closing balance at 30 June	**54,074**	46,805

28 Non-current liabilities - Provisions

	Consolidated	
	2011	2010
	$'000	$'000
Employee benefits	**518**	479
	518	479

Employee benefits include provisions for long service leave. The entire obligation is presented as non-current.

(a) Movements in provisions

	Employee benefits $'000	Total $'000
Consolidated - 2011		
Non-current		
Carrying amount at start of year - 1 July 2010	479	479
- Additional provisions recognised	87	87
- Amounts used during the year	(48)	(48)
Carrying amount at end of year - 30 June 2011	518	518
Consolidated 2010		
Carrying amount at start of year	417	417
Additional provision recognised	130	130
Amounts used during the year	(68)	(68)
Carrying amount at end of year	479	479

29 Contributed equity

	2011 Securities	2010 Securities	**2011 $'000**	2010 $'000
(a) Share capital				
Ordinary shares				
Fully paid	**1,474,905,353**	204,820,547	**396,965**	338,948
(b) Other equity securities				
Issued units - stapled trust			**-**	141,681
			-	141,681

29 Contributed equity (continued)

(c) Movements in ordinary share capital:

Consolidated

Date	Details	Number of securities	Issue price	$'000
1 July 2010	Opening balance	204,820,547		338,948
17 June 2011	New ordinary equity issued under capital restructure	1,270,084,806	$0.03	32,514
30 June 2010	Less: capital raising costs	-		(6,484)
30 June 2010	Less: tax related to transaction costs arising to previous share issue	-		(1,014)
30 June 2011	Balance	1,474,905,353		363,964

(d) Movements in preferred equity:

Consolidated

Date	Details	Number of securities	Issue price	$'000
1 July 2010	Opening balance	**-**		**-**
17 June 2011	New preferred equity issued under capital restructure	**33,000,000**	$1.00	**33,000**
30 June 2011	Balance	**33,000,000**		**33,000**

(e) Ordinary shares and units (stapled securities)

Each stapled security entitles the holder to participate in dividends and distributions and the proceeds on winding up of the company in proportion to the number of and amounts paid on the securities held.

On a show of hands every holder of stapled securities present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each stapled security is entitled to one vote.

As part of the Group capital restructure, new ordinary stapled securities were issued, refer to note 1(aj).

(f) Preferred equity securities

As part of the Group capital restructure, BOSI converted $33 million of debt into preferred equity sercurities. Note 1(aj) describes the rights attaining to these securities.

30 Reserves and accumulated losses

	Consolidated	
	2011	2010
	$'000	$'000
(a) Reserves		
Hedging reserve - cash flow hedges	**26**	(1,958)
Share-based payments reserve	**1,258**	1,258
Options issued	**20,062**	-
	21,346	(700)
Movements:		
Hedging reserve - cash flow hedges		
Balance 1 July	**(1,958)**	(7,930)
Transfer to reserves	**1,984**	5,972
Balance 30 June	**26**	(1,958)
Movements:		
Share-based payments reserve		
Balance 1 July	**1,258**	1,286
Option expense	**-**	203
Issue of shares held by the Becton Deferred Employee Share Plan (BDESP) to employees	**-**	198
Transfer to share capital (securities sold on market upon share-plan closure)	**-**	(429)
Balance 30 June	**1,258**	1,258
Movements:		
Balance 1 July	**-**	-
Options issued	**20,062**	-
Balance 30 June	**20,062**	-

As part of the Group capital restructure, ACR converted a portion of it's debt to Options exercisable into Stapled Securities the number of units issued to ACR was 783,682,575. Refer to Note 1(aj) which describes the rights attaining to these units.

(b) Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated	
	2011	2010
	$'000	$'000
Balance 1 July	**(368,321)**	(283,968)
Net loss for the year	**(44,277)**	(84,353)
Balance 30 June	**(412,598)**	(368,321)

31 Minority interest

	Consolidated 2011 $'000	2010 $'000
Interest in:		
Share capital	-	94,766
Retained (losses)/profits	-	(60,521)
	-	34,245

32 Dividends and distributions

No dividends were declared or paid in the current financial year. During the period an amount of $3.0 million (2010: $2.9 million) was paid to minority interests by 360 Capital Diversified Property Fund, a controlled Group entity.

33 Key management personnel disclosures

(a) Directors

The following persons were directors of Becton Property Group Limited during the financial year:

(i) Chairman - non-executive
W J Conn

(ii) Executive directors
M B Chun, CEO
(iii) Non-executive directors
R K Critchley
P Dempsey

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

D Dalgleish	CEO Development & Construction	Becton Group Holdings Pty Ltd
S Catalfamo	Head of Development	Becton Group Holdings Pty Ltd
S Nicolson	CEO Becton Living	Becton Living Pty Ltd
J Ciardulli	Company Secretary	Becton Group Holdings Pty Ltd
J Goodwin*	CEO Funds Management	Becton Group Holdings Pty Ltd
J Vanderzalm*	Chief Financial Officer & Company Secretary	Becton Group Holdings Pty Ltd

The above persons marked * were key management persons during the year ended 30 June 2010, and ceased employment in December 2010.

(c) Key management personnel compensation

	Consolidated 2011 $	2010 $
Short term employee benefits	**3,304,194**	4,222,000
Post-employment benefits	**178,201**	164,000
Termination benefits	**698,767**	-
	4,181,162	4,386,000

The Company has taken advantage of the relief provided by Corporations regulation 2M 6.04 and has transferred the detailed remuneration disclosures to the Directors report Sections A, B, C and D.

33 Key management personnel disclosures (continued)

(i) Option holdings
All options were forfeited in the financial period and the employee option plan was wound up.

There were no options granted to key management personnel in 2011.

2010 Name	Balance at start of the year	Granted as compensa-tion	Exercised	Cancellation on termination of plan	Balance at end of the year	Vested and exercisable	Unvested
Directors of Becton Property Group Limited							
M B Chun	700,000	-	-	(700,000)	-	-	-
Other key management personnel of the Group							
S Catalfamo	100,000	-	-	(100,000)	-	-	-
D Dalgleish	50,000	-	-	(50,000)	-	-	-
S Nicolson	40,000	-	-	(40,000)	-	-	-
J Vanderzalm	80,000	-	-	(80,000)	-	-	-
J Goodwin	373,600	-	-	(373,600)	-	-	-

(ii) Security holdings
The numbers of securities held during the financial year by each Director of Becton Property Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. No securities were granted as compensation during the reporting period. The effect of the grants from prior years has been included in the key management remuneration table in (c) above.

2011 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Becton Property Group Limited **Ordinary shares**				
W J Conn OAM	3,475,807	-	-	3,475,807
R Critchley	279,861	-	-	279,861
B Pollock	-	-	-	-
P Dempsey	-	-	-	-
M B Chun	25,055	-	-	25,055
Other key management personnel of the Group **Ordinary shares**				
S Catalfamo	36,641	-	-	36,641
J Ciardulli	-	-	-	-
D Dalgleish	-	-	-	-
S Nicolson	-	-	-	-

33 Key management personnel disclosures (continued)

2010 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
Directors of Becton Property Group Limited **Ordinary shares**				
W J Conn OAM	3,475,807	-	-	3,475,807
R Critchley	279,861	-	-	279,861
B Pollock	-	-	-	-
P Dempsey	-	-	-	-
M B Chun	25,055	-	-	25,055
J Hazel (resigned 1 July 2010)	40,000	-	-	40,000
Other key management personnel of the Group **Ordinary shares**				
S Catalfamo	36,641	-	-	36,641
D Dalgleish	-	-	-	-
S Nicolson	-	-	-	-
J Vanderzalm	36,667	-	-	36,667
J Goodwin	80,873	-	(873)	80,000

(d) Other transactions with key management personnel

The father of a Director, M B Chun, is a Director and shareholder of Philip Chun and Associates Pty Ltd. During the period, Group entities paid $14,000 (2010: $8,000) for consulting services from this entity. The fees were based on normal commercial terms and conditions.

34 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2011	2010
	$	$
(a) Audit services		
(i) Deloitte Touche Tohmatsu		
Audit and review of financial statements	**290,000**	355,000
Accounting assistance	**-**	31,000
Total remuneration of Deloitte Touche Tohmatsu for audit and other assurance services	**290,000**	386,000
(b) Other		
(i) Deloitte Touche Tohmatsu		
Other assurance services	**350,994**	255,000
Total remuneration for other services	**350,994**	255,000
Total auditors' remuneration	**640,994**	641,000

It is the Group's policy to employ Deloitte Touche Tohmatsu on assignments additional to their statutory audit duties where Deloitte Touche Tohmatsu's expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where Deloitte Touche Tohmatsu is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

35 Contingent liabilities

The Group had contingent liabilities at 30 June 2011 in respect of:

(i) Specific performance guarantees
The Group has contingent liabilities at 30 June 2011 of $17.7 million (2010: $15.6 million). These relate to specific performance guarantees for development and construction activity.

(i) Other contingent liabilities
The Company has been assessed in the amount of $7.0 million in respect of land rich duty on properties arising from transactions that took place in 2004/5. The Company has lodged an objection against the assessment and the State Revenue Office of Victoria has agreed that payment of the assessment will only be required if it is confirmed on objection or on appeal that a liability exists. The Directors believe, based on legal advice, that the action can be successfully defended and therefore no losses (including costs) will be incurred. Consequently, the Directors have not accrued for a liability for stamp duty in this financial report. The information usually required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it may prejudice the outcome of the matter.

The Company has been assessed in the amount of $10.0 million in respect of land rich duty on properties arising from the acquisition of Becton Properties Limited by the Group on 1 July 2005, in conjunction with the listing of the Company. The Company has lodged an objection against the assessment and the State Revenue Office of Victoria has agreed that payment of the assessment will only be required if it is confirmed on objection or on appeal that a liability exists. The Directors believe, based on legal advice, that the action can be successfully defended and therefore no losses (including costs) will be incurred. Consequently, the Directors have not accrued for a liability for stamp duty in this financial report. The information usually required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it may prejudice the outcome of the matter.

36 Commitments

(a) Lease commitments: Group as lessee

	Consolidated	
	2011	2010
	$'000	$'000
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**905**	841
Later than one year but not later than five years	**2,379**	3,071
Later than five years	**-**	-
	3,284	3,912
Representing:		
Non-cancellable operating leases	**3,272**	3,888
Future finance charges on finance leases	**12**	24
	3,284	3,912

(i) Non-cancellable operating leases
The Group leases various offices and warehouses under non-cancellable operating leases expiring within two to seven years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

	Consolidated	
	2011	2010
	$'000	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**893**	829
Later than one year but not later than five years	**2,379**	3,059
Later than five years	**-**	-
	3,272	3,888

(ii) Finance leases
The Group leases motor vehicles with a carrying amount of $12,000 (2010: $24,000) under finance leases expiring within two years. Under the terms of the leases, the Group has the option to acquire the leased assets for 40% of their agreed fair value on expiry of the leases. This option lapses in the event the Group fails to maintain its credit rating at the level prevailing at inception of the lease.

36 Commitments (continued)

	Consolidated	
	2011	2010
	$'000	$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**12**	12
Later than one year but not later than five years	**-**	12
Minimum lease payments	**12**	24
Total lease liabilities	**12**	24
Representing lease liabilities:		
Current (note 21)	**12**	12
Non-current (note 26)	**-**	12
	12	24

The weighted average interest rate implicit in the lease is 7.9% (2010: 7.9%) per annum.

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

37 Related party transactions

(a) Parent entity

The parent entity within the Group and ultimate parent entity is Becton Property Group Limited.

(b) Key management personnel

Details of key management personnel and any related party transactions in relation to Directors and key management personnel are set out in note 33.

(c) Subsidiaries

Interests in subsidiaries are set out in note 38.

(d) Transactions with other related parties

	Consolidated	
	2011	2010
	$	$
Dividend revenue		
Other related parties	**-**	2,911,000
	-	2,911,000

The Group is currently developing and constructing a retirement village for the Retirement Alliance, in which the Group has 50% ownership.

38 Subsidiaries

(a) Significant investments in subsidiaries

Name of entity	Country of incorporation	Class of shares/ units	Equity holding ** 2011 %	Equity holding ** 2010 %
Becton Property Trust	Australia	Ordinary	**100**	100
Becton Group Holdings Trust *	Australia	Ordinary	**100**	100
Becton Corporation Pty Ltd *	Australia	Ordinary	**100**	100
Becton City Constructions Trust	Australia	Ordinary	**100**	100
Becton Construction Services Trust *	Australia	Ordinary	**100**	100
Becton Constructions Trust	Australia	Ordinary	**100**	100
Becton City Living Trust	Australia	Ordinary	**100**	100
Becton Construction Group Nominees Pty Ltd *	Australia	Ordinary	**100**	100
Becton East Melbourne Constructions Trust	Australia	Ordinary	**100**	100
Becton Retirement Constructions Trust	Australia	Ordinary	**100**	100
Becton Breakwater Apartments Trust	Australia	Ordinary	**100**	100
Becton Residential Constructions (NSW) Trust	Australia	Ordinary	**100**	100
Becton Kensington Constructions Trust	Australia	Ordinary	**100**	100
Becton Industrial Constructions Trust	Australia	Ordinary	**100**	100
Becton Esplanade Trust	Australia	Ordinary	**100**	100
Brighton Classic Residences Trust	Australia	Ordinary	**100**	100
Becton Club Constructions Trust	Australia	Ordinary	**100**	100
Becton Retirement Construction Management Trust (formerly Becton Residential Constructions Trust)	Australia	Ordinary	**100**	100
Becton Classic Constructions Trust	Australia	Ordinary	**100**	100
Becton Bonnyrigg Equity Trust	Australia	Ordinary	**100**	100
Becton College Square Trust	Australia	Ordinary	**100**	100
College Square on Swanston Trust	Australia	Ordinary	**100**	100
Portside Finance Pty Ltd	Australia	Ordinary	**100**	100
Portside Projects Trust	Australia	Ordinary	**100**	100
The Mills Point Trust	Australia	Ordinary	**100**	100
Grovemoor Pty Ltd	Australia	Ordinary	**100**	100
Grasmoor Pty Ltd *	Australia	Ordinary	**100**	100
Becton Properties Limited *	Australia	Ordinary	**-**	100
Becton Berry Street Trust	Australia	Ordinary	**100**	100
Becton Canberra Pty Ltd *	Australia	Ordinary	**-**	100
Becton Living Pty Ltd	Australia	Ordinary	**100**	100
Becton Living BCR Management Pty Ltd	Australia	Ordinary	**100**	100
Becton Living Brighton Investments Pty Ltd	Australia	Ordinary	**100**	100
Becton Living Menzies Management Pty Ltd	Australia	Ordinary	**100**	100
Becton Living Menzies Malvern Pty Ltd	Australia	Ordinary	**100**	100
Becton Living Services Pty Ltd	Australia	Ordinary	**100**	100
Becton Rowville Trust	Australia	Ordinary	**100**	100
Becton Living Hawthorn Trust	Australia	Ordinary	**100**	100
Becton Investment Management Limited *	Australia	Ordinary	**-**	100
Becton Institutional Investment Management Limited *	Australia	Ordinary	**-**	100
CPAL Property Pty Ltd *	Australia	Ordinary	**100**	100
ACN 062671872 Pty Ltd *	Australia	Ordinary	**-**	100
Glenmont Developments Pty Ltd *	Australia	Ordinary	**100**	100
BRIL Nominees Pty Ltd	Australia	Ordinary	**100**	100
BRIL Dee Why 1 Pty Ltd	Australia	Ordinary	**100**	100
BRIL Dee Why 2 Pty Ltd	Australia	Ordinary	**100**	100
Becton Homes Pty Ltd*	Australia	Ordinary	**100**	100
The Byron Bay Joint Venture	Australia	Ordinary	**100**	100
Becton Bonnyrigg Equity Pty Ltd	Australia	Ordinary	**-**	100
Bonnyrigg Development Pty Ltd	Australia	Ordinary	**100**	100
Bonnyrigg Development Holdings Pty Ltd	Australia	Ordinary	**100**	100
Becton Bonnyrigg Holdings Pty Ltd	Australia	Ordinary	**100**	100

38 Subsidiaries (continued)

Name of entity	Country of incorporation	Class of shares/ units	Equity holding ** 2011 %	2010 %
Bonnyrigg Partnership	Australia	Ordinary	**50**	50
Bonnyrigg Management Pty Ltd	Australia	Ordinary	**50**	50
Woodstock West Village Pty Ltd	Australia	Ordinary	**100**	100
Woodstock West Village (Vale) Pty Ltd	Australia	Ordinary	**100**	100
Woodstock West Village (Bunbury) Pty Ltd	Australia	Ordinary	**100**	100
Becton Living Beaumaris Trust	Australia	Ordinary	**100**	100
Becton Living Mt Martha Trust	Australia	Ordinary	**100**	100
The Westmeadows Trust	Australia	Ordinary	**100**	100
BPT Holdings Unit Trust	Australia	Ordinary	**100**	100
Becton Diversified Property Fund	Australia	Ordinary	**-**	59
Becton Bribie Island Pty Ltd	Australia	Ordinary	**100**	100
Becton Doreen Pty Ltd	Australia	Ordinary	**100**	100
Becton Howard Pty Ltd	Australia	Ordinary	**100**	100
Becton Mernda Town Centre Pty Ltd	Australia	Ordinary	**100**	100
Becton Mernda Mayfield Farm Pty Ltd	Australia	Ordinary	**100**	100
Becton Mernda Business Park Pty Ltd	Australia	Ordinary	**100**	100
Becton Warnambool Pty Ltd	Australia	Ordinary	**100**	100
Becton Living Hervey Bay Pty Ltd	Australia	Ordinary	**100**	100
Becton Living Mackay Pty Ltd	Australia	Ordinary	**100**	100
Becton Escen on Church Pty Ltd	Australia	Ordinary	**100**	100
Becton Developer Pty Ltd	Australia	Ordinary	**100**	100
Becton Werrington Pty Ltd	Australia	Ordinary	**100**	100
Becton Retail Constructions Pty Ltd (formerly Becton High Tower Pty Ltd)	Australia	Ordinary	**100**	100
Becton Rumbalara Pty Ltd	Australia	Ordinary	**100**	100
Becton Karinya Pty Ltd	Australia	Ordinary	**100**	100
Becton Kingfisher Grove Pty Ltd	Australia	Ordinary	**100**	100
Becton The Verge Pty Ltd	Australia	Ordinary	**100**	100
Becton Marsden Pty Ltd	Australia	Ordinary	**100**	100
Becton Villawood Pty Ltd	Australia	Ordinary	**100**	100
Becton Bentwood Pty Ltd	Australia	Ordinary	**100**	100
Becton Queens Rd Pty Ltd	Australia	Ordinary	**100**	100
Becton Spencer St Pty Ltd	Australia	Ordinary	**100**	100
Becton Greenwich Pty Ltd	Australia	Ordinary	**100**	100
Becton York Pty Ltd	Australia	Ordinary	**100**	100
Becton Living East Malvern Trust	Australia	Ordinary	**100**	100
Becton Living Caulfield Trust	Australia	Ordinary	**100**	100
Becton Coomera Pty Ltd	Australia	Ordinary	**100**	100
Becton Woniora Pty Ltd	Australia	Ordinary	**100**	100
Becton Development Services Pty Ltd	Australia	Ordinary	**100**	100
Becton Development Services (Fund) Pty Ltd	Australia	Ordinary	**100**	100
Becton Residential Constructions (Qld) Pty Ltd	Australia	Ordinary	**100**	100
Becton Construction Holdings Pty Ltd	Australia	Ordinary	**100**	100
BPT Retirement Finance Trust	Australia	Ordinary	**100**	100
BPT Finance No. 1 Trust	Australia	Ordinary	**100**	100
BPT Everest Holdings Unit Trust	Australia	Ordinary	**100**	100
BPT Everest Unit Trust	Australia	Ordinary	**100**	100
Becton Everest Finance Pty Ltd	Australia	Ordinary	**100**	100
Lachlan Properties Pty Ltd	Australia	Ordinary	**-**	100
Lachlan Custodian No. 2 Pty Ltd	Australia	Ordinary	**-**	100
Lachlan Financial Services Pty Ltd	Australia	Ordinary	**-**	100
Lachlan Property Services Pty Ltd	Australia	Ordinary	**-**	100
Becton Property Mangement Ltd (formerly Lachlan REIT Ltd)	Australia	Ordinary	**100**	100
Lachlan Property Securities Fund	Australia	Ordinary	**100**	100

38 Subsidiaries (continued)

Name of entity	Country of incorporation	Class of shares/ units	Equity holding ** 2011 %	2010 %
Becton Licensee Pty Ltd (formerly Lachan Property Services (NSW))	Australia	Ordinary	**100**	100
Lachlan Custodian Pty Ltd	Australia	Ordinary	**-**	-
Breezes Howard Pty Ltd ^	Australia	Ordinary	**-**	-
Breezes Bribie Island Pty Ltd ^	Australia	Ordinary	**-**	-
The Ridge Doreen Pty Ltd ^	Australia	Ordinary	**-**	-
Mernda Town Centre Pty Ltd ^	Australia	Ordinary	**-**	-
Mernda Mayfield Farm Pty Ltd ^	Australia	Ordinary	**-**	-
Mernda Mayfield Business Park Pty Ltd ^	Australia	Ordinary	**-**	-
Everest Project Developments Pty Ltd ^	Austrlaia	Ordinary	**-**	-
Everest Property Holdings Pty Ltd ^	Australia	Ordinary	**-**	-
Wrights Road Pty Ltd ^	Australia	Ordinary	**-**	-
Karinya Apartments Pty Ltd ^	Australia	Ordinary	**-**	-
Everest on Miller Pty Ltd ^	Australia	Ordinary	**-**	-
French St Everest Pty Ltd ^	Australia	Ordinary	**-**	-
Werrington Everest Pty Ltd ^	Australia	Ordinary	**-**	-
Woniora Everest Pty Ltd ^	Australia	Ordinary	**-**	-
Everest on Hunter Pty Ltd ^	Australia	Ordinary	**-**	-
Everest at Wallsend Pty Ltd ^	Australia	Ordinary	**-**	-
Everest at Shortland Pty Ltd ^	Australia	Ordinary	**-**	-
Becton Retirement Management Pty Ltd	Australia	Ordinary	**100**	100
Retirement Finance Pty Ltd	Australia	Ordinary	**100**	50
Becton Kensington Trust	Australia	Ordinary	**100**	100
Becton Pty Ltd	Australia	Ordinary	**100**	100
BPS Issuer Pty Ltd	Australia	Ordinary	**100**	100
Kensington Management Company Pty Ltd	Australia	Ordinary	**100**	100
NHHT Finance Pty Ltd	Australia	Ordinary	**100**	100
Classic Residences Serviced Apartments Pty Ltd	Australia	Ordinary	**100**	100

* These entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others, refer to note 39.

** The proportion of ownership interest is equal to the proportion of voting power held.

^ These entities are controlled by the Group although no issued capital is held. These entities sold (to the Group) the rights to develop the land and buildings they hold as part of the Fincorp and Estate acquisitions.

All of the entities listed above have a 30 June reporting date.

39 Deed of cross guarantee

A number of Group entities are parties to a deed of cross guarantee under which each company guarantees the debts of the others, these entities are shown in Note 40. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement and summary of movements in consolidated retained earnings

The entities identified in Note 40 represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Becton Property Group Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2011 of the Closed Group consisting of Becton Property Group Limited and the entities marked with a * in note 38.

39 Deed of cross guarantee (continued)

	2011 $'000	2010 $'000
Income statement		
Revenue from continuing operations	**66,129**	154,020
Other income	**9,258**	6,879
Raw materials and consumables used	**(53,926)**	(144,596)
Employee benefits expense	**(12,016)**	(11,315)
Depreciation and amortisation expense	**(282)**	(1,192)
Commission expense	**(405)**	402
Impairment of receivables	**-**	-
Write down of inventory to net realisable value	**(8,014)**	(11,087)
Fair value adjustment to financial assets	**-**	(6,735)
Share of net profits of joint venture entities accounted for using the equity method	**7,409**	13,726
Finance costs	**(18,306)**	(26,218)
Other expenses	**(5,128)**	(6,248)
Share of net profits of joint venture entities accounted for using the equity method	**-**	-
(Loss)/profit before income tax	**(15,281)**	(32,364)
Income tax (expense)/benefit	**(1,382)**	(2,514)
Profit from continuing operations	**(16,663)**	(34,878)
(Loss)/profit from discontinued operations	**(10,213)**	1,661
Loss for the year	**(26,876)**	(33,217)
Statement of comprehensive income		
Profit for the year	**(26,876)**	(33,217)
Other comprehensive income		
Gain/(loss) on cash flow hedges taken to equity	**1,984**	1,550
Other comprehensive income for the year, net of tax	**1,984**	1,550
Total comprehensive income for the year	**(24,892)**	(31,667)
Summary of movements in consolidated retained profits		
Retained profits at the beginning of the financial year	**(144,406)**	(111,189)
(Loss)/profit for the year	**(26,876)**	(33,217)
Dividends provided for or paid	**-**	-
Retained earnings at the end of the financial year	**(171,282)**	(144,406)

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2011 of the Closed Group consisting of the entities marked with a * in note 38.

39 Deed of cross guarantee (continued)

	2011 $'000	2010 $'000
Current assets		
Cash and cash equivalents	**11,108**	8,502
Trade and other receivables	**2,590**	81,368
Inventories	**62,063**	41,406
Total current assets	**75,761**	131,276
Non-current assets		
Receivables	**-**	2,231
Inventories	**77,900**	67,332
Investments accounted for using the equity method	**59,460**	52,122
Other financial assets	**-**	2,916
Property, plant and equipment	**1,373**	1,409
Investment properties	**-**	-
Deferred tax assets	**54,068**	46,804
Total non-current assets	**192,801**	172,814
Total assets	**268,562**	304,090
Current liabilities		
Trade and other payables	**31,962**	31,075
Borrowings	**26,038**	50,778
Intercompany loan	**(52,637)**	14,627
Derivative financial instruments	**-**	1,016
Current tax liabilities	**-**	-
Provisions	**1,237**	1,957
Total current liabilities	**6,600**	99,453
Non-current liabilities		
Trade and other payables	**6,016**	32,747
Borrowings	**179,062**	154,746
Derivative financial instruments	**-**	-
Deferred tax liabilities	**54,074**	46,805
Provisions	**518**	479
Total non-current liabilities	**239,670**	234,777
Total liabilities	**246,270**	334,230
Net assets	**22,292**	(30,140)
Equity		
Contributed equity	**172,332**	114,442
Reserves	**21,242**	(176)
Retained profits	**(171,282)**	(144,406)
Total equity	**22,292**	(30,140)

40 Interests in joint ventures

(a) Joint venture entities

A controlled entity has a 50% interest in the Bonnyrigg Partnership, which is resident in Australia and the principal activity of which is the management of an affordable housing development in Bonnyrigg, NSW.

40 Interests in joint ventures (continued)

(a) Joint venture entities (continued)

A controlled entity has a 50% interest in the Retirement Finance SPV Pty Ltd, which is resident in Australia and the principal activity of which is the management of retirement villages throughout Australia.

Name	Ownership interest 2011	Ownership interest 2010	Carrying value of investment Consolidated 2011 $'000	Carrying value of investment Consolidated 2010 $'000
Bonnyrigg Partnership Nominees Pty Ltd (as nominee for the Bonnyrigg Partnership)	**50%**	50%	**3,517**	3,588
Retirement Finance SPV Pty Ltd	**50%**	50%	**55,943**	48,534
			59,460	52,122

	Consolidated 2011 $'000	Consolidated 2010 $'000
Share of net assets	**59,460**	52,122
Receivable from a joint venture entity	**-**	-
Carrying amount of investment in joint venture entities	**59,460**	52,122

	Consolidated 2011 $'000	Consolidated 2010 $'000
Share of joint venture entities' assets and liabilities		
Current assets	**4,170**	2,379
Non-current assets	**281,075**	263,285
Total assets	**285,245**	265,664
Current liabilities	**225,773**	170,444
Non-current liabilities	**12**	43,098
Total liabilities	**225,785**	213,542
Net assets	**59,460**	52,122

	Consolidated 2011 $'000	Consolidated 2010 $'000
Share of joint venture entities' revenue, expenses and results		
Revenues	**14,855**	17,896
Expenses	**(7,446)**	(4,170)
Profit before income tax	**7,409**	13,726

41 Events occurring after the reporting period

Subsequent to year end, the following events have occurred:

- The call option provided by the Group over its investments in 360 Capital Diversified Property Fund and 360 Capital Developments Income Fund was settled on 6th July 2011. A total of $26.2 million was received from 360 Capital Property Limited and was applied to Group debt.
- At 30 June 2011, the Group had two Suncorp facilities totalling $7.9 million, with expiry dates of September 2011 ($3.3 million) and October 2011 ($4.6 million). On 28th September, these facilities were extended until 31 May 2012.

Apart from the matters outlined above, the Directors are not aware of any other matters or circumstance not otherwise dealt with in the report, that has significantly or may significantly affect the operations of the Company or the Group, the results of those operations or state of affairs of the Company or the Group in subsequent financial years.

42 Reconciliation of (loss)/profit for the year to net cash inflow from operating activities

	Consolidated	
	2011 $'000	2010 $'000
(Loss)/profit for the year	**(47,339)**	(100,113)
Depreciation and amortisation	**4,499**	1,226
Write down in inventory to net realisable value	**8,093**	49,129
Non-cash employee benefits expense - share-based payments	**-**	402
Impairment of trade receivables	**5,650**	574
Fair value adjustment to investment property	**1,403**	(2,851)
Fair value adjustment to financial assets	**6,949**	51,807
Net loss on discontinued operation	**21,523**	-
Share of profits of joint venture entities not received as dividends or distributions	**(7,409)**	(13,726)
Change in operating assets and liabilities, net of effects from purchase of controlled entities	**-**	-
(Increase)/decrease in trade debtors	**(19,288)**	(6,725)
Decrease/(increase) in inventories	**(3,362)**	69,399
(Increase)/decrease in deferred tax assets	**(7,264)**	(12,468)
Decrease/(increase) in value of investment properties	**30,287**	7,715
Increase/(decrease) in trade creditors	**(1,415)**	13,183
(Decrease)/increase in provision for income taxes payable	**-**	(2,513)
Increase/(decrease) in deferred tax liabilities	**7,269**	14,982
(Decrease)/increase in other provisions	**(853)**	(563)
(Decrease)/increase in other assets	**36**	(1,615)
Net cash inflow (outflow) from operating activities	**(1,221)**	67,843

43 Earnings per share

	Consolidated	
	2011	2010
	Cents	Cents

(a) Basic earnings per share

(Loss) from continuing operations attributable to the ordinary equity holders of the company	**(6.2)**	(24.0)
Loss from discontinued operation	**(11.5)**	(17.2)
Total basic earnings per share attributable to the ordinary equity holders of the company	**(17.7)**	(41.2)

(b) Diluted earnings per share

(Loss) from continuing operations attributable to the ordinary equity holders of the company	**(6.2)**	(24.0)
Loss from discontinued operation	**(11.5)**	(17.2)
Total diluted earnings per share attributable to the ordinary equity holders of the company	**(17.7)**	(41.2)

(c) Reconciliations of earnings used in calculating earnings per share

	Consolidated	
	2011	2010
	$'000	$'000
Basic and diluted earnings per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share		
(Loss) from continuing operations	**(18,583)**	(64,885)
Profit from continuing operations attributable to minority interests	**3,062**	15,760
Loss from discontinued operation	**(28,756)**	(35,228)
	(44,277)	(84,353)

(d) Weighted average number of shares used as the denominator

	Consolidated	
	2011	2010
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**250,180,179**	204,820,547
Adjustments for calculation of diluted earnings per share:		
Options (ii)	**-**	-

(e) Information concerning the classification of securities

(i) Options
Options granted to employees in previous years under the Becton Property Group Employee Option Plan that have not yet vested have been forfeited and the plan in the process of being wound up. Therefore, there is no dilutive effect on earnings per security and hence no difference in the determination of diluted or basic earnings per security. Details relating to the options are set out in note 44.

(ii) Options issued
A total of 783,682,575 options were issued to ACR on 17 June 2011. The weighted average of these options has been excluded from the fully diluted earnings calculation as the effect of the issue of these options is anti-dilutive, by the fact that the Group incurred a loss from operations during the financial year.

44 Share-based payments

(a) Employee Option Plan

In June 2010 the members of the BEOP elected to forfeit their unvested option holdings in the plan. At 30 June 2010, no members remained in the plan and it was in the process of being wound up.

Set out below are summaries of options granted under the plan which have now been forfeited.

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number
Consolidated - 2010							
13 November 2006	8/11/2011	$2.55	940,000	-	-	(940,000)	-
11 September 2007	1/7/2012	$3.86	978,300	-	-	(978,300)	-
2 June 2008	5/1/2013	$1.97	278,713	-	-	(278,713)	-
Total			2,197,013	-	-	(2,197,013)	-

(b) Employee share scheme

In June 2010 the members of the Becton Deferred Employee Share Plan elected to forfeit their unvested securities in the plan. At 30 June 2010, there were no remaining members in the plan and it was in the process of being wound up.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2011 $'000	2010 $'000
Options issued under employee option plan	**-**	204
Shares issued under employee share scheme	**-**	198
	-	402

45 Discontinued operation

Discontinued Operation – Funds management and property investment

(a) Description

On 16 December 2010, Becton property Group sold its shares in Becton Investment Management Limited and its controlled subsidiaries, being its funds management business. The interest in the funds management business is reported in this financial report as a discontinued operation.

In addition to the sale of the funds management business, the Group entered into a conditional Call Option Deed (the Option) for the divestment of its investment in 360 Capital Diversified Property Fund (formerly known as Becton Diversified Property Fund) and 360 Capital Developments Income Fund (formerly known as Becton Developments Income Fund), being its property funds business, to the same purchaser of the funds management business. As part of the capital restructure of the Group, the Group's investment in Becton Development Fund #1 was also divested. The interest in all three investments was the Groups property investment business and is reported in this financial report as a discontinued operation.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

45 Discontinued operation (continued)

(b) Financial performance information

The financial performance presented is for the period 30 June 2011.

	Consolidated 2011 $'000	2010 $'000
Revenue (note 5)	**5,987**	14,960
Expenses	**(12,434)**	(51,643)
Loss before income tax	**(6,447)**	(36,683)
Loss on sale of funds management business before income tax	**(9,248)**	-
Loss on measurement to fair value less costs to sell of property investment business before income tax	**(10,367)**	-
Income tax expense	**-**	-
Loss after income tax	**(19,615)**	-
Loss from discontinued and discontinuing operations	**(26,062)**	(36,683)

(c) Loss on disposal / remeasurement of fair value less costs to sell of the discontinued operations

	Consolidated 2011 $'000	2010 $'000
Consideration received or receivable:		
Cash	**1,880**	-
Fair value of future exit fees	**1,777**	-
Fair value of contingent consideration	**26,168**	-
Total disposal consideration	**29,825**	-
Carrying amount of net assets disposed / remeasured to fair value less costs to sell	**(49,440)**	-
Total loss before income tax	**(19,615)**	-

Discontinued Operation – Mackay retirement village

(a) Description

The Breezes Mackay retirement village was sold by the Group to RSL Care Limited and settled on 1st June 2011. The operations of this village is reported in this financial report as a discontinued operation.

(b) Financial performance information

The financial performance presented is for the period 30 June 2011.

45 Discontinued operation (continued)

	Consolidated 2011 $'000	2010 $'000
Revenue (note 5)	**1,328**	1,555
Expenses	**(125)**	(100)
Profit before income tax	**1,203**	1,455
Loss on measurement to fair value less costs to sell before income tax	**(3,898)**	-
Income tax expense	**-**	-
Loss after income tax	**(3,898)**	-
(Loss)/ Profit from discontinued operation	**(2,695)**	1,455

(c) Loss on disposal / remeasurement of fair value less costs to sell of the discontinued operations

	Consolidated 2011 $'000	2010 $'000
Consideration received or receivable:		
Cash	**9,734**	-
Total disposal consideration	**9,734**	-
Carrying amount of net assets disposed / remeasured to fair value less costs to sell	**(12,429)**	-
Total loss before income tax	**(2,695)**	-
Loss on sale after income tax	**(2,695)**	-

46 Parent Entity financial information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	2011	2010
	$'000	$'000
Balance sheet		
Current assets	**33,545**	285,227
Non-current assets	**1,311**	12,807
Total assets	**34,856**	298,034
Current liabilities	**118,754**	144,347
Non-current liabilities	**108,060**	160,764
Total liabilities	**226,814**	305,111
Net Assets	**(191,958)**	(7,077)
Shareholders' equity		
Contributed equity	**222,525**	197,267
Reserves	**21,242**	(175)
Retained earnings	**(435,725)**	(204,169)
	(191,958)	(7,077)
(Loss) for the year	**(231,556)**	(27,736)
Changes in the fair value of cash flow hedges	**-**	2,075
Other comprehensive income	**-**	2,075
Total comprehensive income	**(231,556)**	(25,661)

The parent entity is also a party to Contingent liabilities discussed in note 35.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 25 to 88 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 company's and consolidated Group's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and

(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

Note 1(a)The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

William J. Conn
CHAIRMAN
Melbourne
29 September 2011

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

The Board of Directors
Becton Property Group Limited
Level 2, 289 Wellington Parade South
EAST MELBOURNE VIC 3002

29 September 2011

Dear Board Members

Auditor's Independence Declaration – Becton Property Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Becton Property Group Limited.

As audit partner for the audit of the financial statements of Becton Property Group Limited for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S PELUSI
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent Auditor's Report
to the members of Becton Property Group Limited

We have audited the accompanying financial report of Becton Property Group Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 25 to 89.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Becton Property Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Deloitte.

Opinion

In our opinion:

(a) the financial report of Becton Property Group Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Significant uncertainty regarding the carrying value of an investment in a joint venture entity accounted for using the equity method of accounting

Without qualifying our opinion, we draw attention to Note 1(ak) in the financial report which indicates that a significant uncertainty exists in relation to the carrying value of Becton Property Group Limited's equity accounted investment in the Retirement Finance SPV Pty Ltd (or "Retirement Alliance") of $55.9 million as at 30 June 2011.

The Retirement Alliance has a finance facility, drawn to $73.6 million as at 30 June 2011, which is due to expire in November 2011. At the date of this report no agreement has been reached with a debt provider for the refinance of this facility. In the absence of an agreement with a debt provider to refinance this facility there is significant uncertainty in relation to the Retirement Alliance being able to continue as a going concern, without the continued support of the current debt provider. Accordingly, there is significant uncertainty over the carrying value of the Group's investment in the Retirement Alliance.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7-13 of the director's report for the year ended 30 June 2011. The director's of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Becton Property Group Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

S PELUSI
Partner
Chartered Accountants
Melbourne, 29 September 2011