

ASX PRELIMINARY FINAL REPORT
Becton Property Group Limited

ABN 64 095 067 771

30 June 2010

Lodged with the ASX under Listing Rule 4.3A

Contents

Results for Announcement to the Market <i>Appendix 4E item 2</i>	2-5
Preliminary consolidated income statement <i>Appendix 4E item 3</i>	6
Preliminary consolidated balance sheet <i>Appendix 4E item 4</i>	7
Preliminary consolidated statement of changes in equity	8
Preliminary consolidated cash flow statement <i>Appendix 4E item 5</i>	9
Other Appendix 4E Information <i>Appendix 4E item 6 to 17</i>	10 - 13

This report covers the consolidated entity consisting of Becton Property Group Limited and its subsidiaries. **The financial report is presented in Australian dollars.**

BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
YEAR ENDED 30 June 2010
(Previous corresponding period year ended 30 June 2009)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$000s
Revenue from continuing operations <i>(Appendix 4E item 2.1)</i>	down	36%	to	197,578
Net profit/(loss) for the period attributable to members <i>(Appendix 4E item 2.3)</i>	up	73%	to	(84,353)
Operating profit (profit before specific non-cash and other significant items) <i>(Appendix 4E item 2.2)</i>	down	76%	to	4,062

It is not proposed to pay any dividends for the reporting period. *(Appendix 4E items 2.4 and 2.5)*

Recapitalisation and Debt Refinancing Plan

Becton today announced that it has reached in principle agreement with key debt providers for a plan intended to recapitalise and stabilise the Group's balance sheet and provide long-term financing. **Key elements include:**

- conversion of at least \$80m of the Group's outstanding liabilities to equity
- extension of the Group's existing working capital facility maturing August 2011 to September 2015
- debt finance for the construction of the first 289 apartments at Divercity, Waterloo, and
- support for the refinancing and recapitalisation from Becton's major lender, BOS International (Australia) Ltd (**BOSI**).

Please refer to separate ASX announcement made today for further details.

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BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
YEAR ENDED 30 June 2010
(Previous corresponding period year ended 30 June 2009)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Operating profit by business and summary of non-cash and other significant items:

	2010	2009
	\$'000	\$'000
<u>Total Revenue</u>	<u>197,578</u>	<u>310,562</u>
<u>Operating EBIT by business:</u>		
Development and construction*	7,010	14,922
Property funds management	4,561	(3,995)
Retirement	4,758	11,442
Property investment	2,349	13,326
Corporate Overhead	(7,505)	(9,430)
Total Operating EBIT	11,173	26,265
Interest expense	(6,194)	(10,727)
Operating Earnings before tax	4,979	15,538
Income tax expense	-	6,099
Minority interest	(917)	(4,615)
Net Operating profit after tax	4,062	17,022
<u>Non-cash and other significant items:</u>		
Fair value adjustment to financial assets – property investment	(28,396)	(64,533)
Property revaluations – retirement	8,741	(30,744)
Write-down of inventory to net realisable value	(39,790)	(117,278)
Realised loss on sale of assets	(7,860)	(51,454)
Impairment of Intangible assets	-	(61,793)
Fund repurchase facility	(6,735)	-
Swap novation and effectiveness	(2,603)	(5,026)
Additional financing and restructure costs	(9,258)	(9,795)
Income tax (expense)/benefit	(2,514)	18,724
Net (loss)/profit after tax attributable to members	<u>(84,353)</u>	<u>(304,877)</u>

* - In accordance with the Group's accounting policies for the development and construction business, interest costs incurred that are directly attributable to a project are capitalised as part of the costs of that project, until the development and construction are complete, and then included in costs of sales when revenue is recognised. EBIT includes such interest and interest on completed projects, if any.

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BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
YEAR ENDED 30 June 2010
(Previous corresponding period year ended 30 June 2009)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Explanation of Total Revenue *(Appendix 4E item 2.6)*

Revenue from ordinary activities for FY10 was \$197.6m compared to \$310.6m in the prior period. The primary reasons for the movement are the reduced volumes of settlements in the Development and Construction business, where it is focusing on a smaller number of projects as compared to prior years. In addition, the current period is the first in which the retirement alliance (50:50 joint venture) has operated for a full twelve months. In the previous period, the Group had full entitlement to 11 months of revenue generated from the retirement business until it entered the joint venture arrangement.

Explanation of Net Operating Profit after tax *(Appendix 4E item 2.6)*

The net operating profit (after tax and OEI) of \$4.1m (2009: \$17.0m) is before a number of non-operating items listed below. Excluding these non-operating items, operating profit after tax of \$4.1m for the year translated to operating profit per security of 1.98 cents (2009: 9.34 cents).

Explanation of Non-cash and other significant items *(Appendix 4E item 2.6)*

During the period, the Group incurred a number of non-cash impairments relating largely to the value of assets and restructuring costs. These included write-downs in the carrying value of development sites and investments in unlisted funds. Further non-cash expenses related to restructuring costs and breaks of interest rate swaps (through the Income Statement, not reserves) were recognised.

Included in the consolidated income statement are a number of items that are significant because of their non-operating nature and size. These are listed on the detailed profit/(loss) contribution by business and summary of non-operating items table shown earlier in this report.

Explanation of Operating EBIT by business *(Appendix 4E item 14.3)*

Development and construction – the development and construction business contributed \$7.0m of operating EBIT (2009: \$14.9m), a decrease of 53% over the previous year. The reason for the reduction in EBIT is the lower volume and timing of settlements as the business focuses on a smaller number of projects, and the significant settlement activity that occurred in July 2010. The major development and construction projects that contributed to the current year result were One East Melbourne, Kensington and Bonnyrigg,

Property funds management - the property funds management business contributed operating EBIT of \$4.6m (2009: loss of \$4.0m), an improvement of over 200% from the previous period. The two primary reasons for the improvements are a stabilisation of exit fees (compared to prior period) and a non-cash reversal of trail commission accruals of \$2.5m. At the end of FY10, this business had funds under management (FUM) of \$1.3 billion (2009: \$1.7 billion), a decrease of approximately \$0.4 billion or 24% during the year. This reduction in FUM is the combination of devaluations of approximately \$70m and divestments of approximately \$360m.

Retirement – the retirement business contributed operating EBIT of \$4.8m (2009: \$11.4m), a decrease of 58% from the previous period. In the previous period, Becton had 100% control of all retirement assets until early June 2009. The current period represents the first full year where the majority of the retirement assets are held in an Alliance with the Oman Investment Fund (a joint venture for accounting purposes), and as such Becton's contributed EBIT from those assets represents only 50% of the total.

The remaining retirement assets that are 100% owned by Becton are the Woniora and Mackay sites, both of which are at various stages of development, with sales and settlements expected to occur at both of these locations in FY11 and beyond.

We note that Becton's 50% share of the revaluations of approximately \$19m recorded in the retirement Alliance are not included in the operating revenue or EBIT of Becton. Consistent with previous reporting, revaluation gains and losses are included in non-operating items.

BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
YEAR ENDED 30 June 2010
(Previous corresponding period year ended 30 June 2009)
RESULTS FOR ANNOUNCEMENT TO THE MARKET

Property Investment – the property investment business contributed operating EBIT of \$1.4m (2009: \$8.7m) (after OEI and excluding revaluations), a decrease of 84% from the previous period. The main reasons for the fall in operating EBIT was reduced distributions from the underlying funds during the period, as they face higher interest margins and reduced access to debt to fund capital expenditure and lease incentives.

Capital Structure and Gearing (*Appendix 4E item 12*)

Becton today announced that it has reached in principle agreement with key debt providers for a plan intended to recapitalise and stabilise the Group's balance sheet and provide long-term financing. The key elements to this proposal have been summarised in an ASX release made today, please refer to that announcement for details.

The weighted average number of securities on issue for the year was 204.8 million (2009: 182.3 million).

Net interest bearing debt (i.e. net of cash held) at the end of the year was \$276.3m. This represents 67% (2009: 62%) of total assets.

Current Assets and Liabilities (*Appendix 4E item 2.6*)

The Balance Sheet of the Group discloses total current assets of \$72.0m (2009: \$161.7m) and current liabilities of \$158.4m (2009: \$279.5m). This position arises as a result of the Group having debt facilities requiring either refinancing or settlement within the next 12 months, and therefore classified as current, while some of the assets securing the debt are longer term development assets, and therefore classified as non-current.

**BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
PRELIMINARY CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED 30 June 2010**

<i>(Appendix 4E item 3)</i>	Consolidated	
	2010	2009
	\$'000	\$'000
Revenue from continuing operations	188,981	308,439
Other income	8,597	2,123
Cost of inventory sold	(165,958)	(313,490)
Employee benefits expense	(15,919)	(13,695)
Depreciation and amortisation expense	(1,226)	(2,525)
Impairment of intangible assets	-	(61,793)
Write down/impairment of other assets	(49,130)	(120,173)
Other expenses	(7,317)	(12,110)
Commission expense	2,773	(921)
Fair value adjustment to financial assets	(51,807)	(112,552)
Loss on disposal of retirement assets to joint venture	-	(2,788)
Share of net profits of joint venture entities accounted for using the equity method	13,726	1,799
Finance costs	(20,319)	(20,328)
(Loss)/Profit before income tax	(97,599)	(348,014)
Income tax benefit/(expense)	(2,514)	18,919
(Loss)/Profit from continuing operations	(100,113)	(329,095)
(Loss)/Profit from discontinued operations	-	(14,099)
(Loss)/Profit for the year	(100,113)	(343,194)
Other comprehensive income		
Gain/(loss) on cash flow hedges taken to equity	5,972	(8,723)
Total comprehensive income for the year	(94,141)	(351,917)
(Loss)/Profit is attributable to:		
Equity holders of Becton Property Group Limited	(84,353)	(304,877)
(Loss)/Profit attributable to minority interest	(15,760)	(38,317)
	(100,113)	(343,194)
Total comprehensive income for the year is attributable to:		
Owners of Becton Property Group Limited	(78,381)	(313,600)
Profit attributable to minority interest	(15,760)	(38,317)
	(94,141)	(351,917)

BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
PRELIMINARY CONSOLIDATED BALANCE SHEET AS AT 30 June 2010

	Consolidated	
(Appendix 4E item 4)	2010	2009
	\$'000	\$'000
ASSETS		
Current assets		
Cash and cash equivalents	9,183	16,356
Trade and other receivables	21,363	12,768
Inventories	41,406	132,532
Total current assets	<u>71,952</u>	<u>161,656</u>
Non-current assets		
Receivables	3,885	6,632
Inventories	119,713	147,692
Investments accounted for using the equity method	52,122	39,557
Financial assets at fair value through the profit and loss	79,147	138,942
Property, plant and equipment	1,409	1,207
Investment properties	37,429	19,441
Deferred tax assets	46,804	33,616
Total non-current assets	<u>340,509</u>	<u>387,087</u>
Total assets	<u>412,461</u>	<u>548,743</u>
LIABILITIES		
Current liabilities		
Trade and other payables	34,617	34,778
Borrowings	91,885	219,616
Current tax liabilities	1	2,513
Provisions	2,129	2,754
Derivative financial instruments	1,850	6,758
Liability to retirement village residents	27,944	13,080
Total current liabilities	<u>158,426</u>	<u>279,499</u>
Non-current liabilities		
Trade and other payables	6,117	84
Borrowings	193,609	135,148
Deferred tax liabilities	46,805	31,103
Provisions	479	417
Derivative financial instruments	2,853	3,694
Total non-current liabilities	<u>249,863</u>	<u>170,446</u>
Total liabilities	<u>408,289</u>	<u>449,945</u>
Net assets	<u>4,172</u>	<u>98,798</u>
EQUITY		
Contributed equity	338,948	338,519
Reserves	(700)	(6,644)
Retained profits	(368,321)	(283,968)
Parent entity interest	(30,073)	47,907
Minority interest	34,245	50,891
Total equity	<u>4,172</u>	<u>98,798</u>

BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2010

Consolidated	Attributable to members of Becton Property Group Limited				Minority interest \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		
Balance at 1 July 2008	323,409	1,643	20,909	345,961	95,367	441,328
Total comprehensive income for the full year	-	(8,723)	(304,877)	(313,600)	(38,317)	(351,917)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	15,110	-	-	15,110	-	15,110
Total changes in minority interest	-	-	-	-	(404)	(404)
Dividends provided for or paid to minority interest in controlled entities	-	-	-	-	(5,755)	(5,755)
Employee share options - value of employee services	-	436	-	436	-	436
Total of owner changes in equity	15,110	436	-	15,546	(6,159)	9,387
Balance at 30 June 2009	338,519	(6,644)	(283,968)	47,907	50,891	98,798
	Attributable to members of Becton Property Group Limited				Non-controlling interests \$'000	Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'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)
Dividends provided for or paid to minority interest in controlled entities	-	-	-	-	(886)	(886)
Employee share options - value of employee services	-	401	-	401	-	401
Employee share scheme transfer to share capital	429	(429)	-	-	-	-
Balance at 30 June 2010	338,948	(700)	(368,321)	(30,073)	34,245	4,172

**BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
PRELIMINARY CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 June 2010**

(Appendix 4E item 5)

	Consolidated	
	2010	2009
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	180,897	262,499
Payments to suppliers and employees (inclusive of goods and services tax)	<u>(114,465)</u>	<u>(176,856)</u>
	66,432	85,643
Dividends received	17,720	13,173
Other revenue	569	2,123
Interest paid	(14,364)	(12,461)
Income taxes paid	<u>(2,514)</u>	<u>-</u>
Net cash inflow (outflow) from operating activities	<u>67,843</u>	<u>88,478</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,428)	(575)
Payments for investment property accounted for at fair value	(1,202)	-
Payments for other financial assets	(2,000)	(2,211)
Payments for the purchase of freehold land and buildings (inventory) on acquisition	-	(91,441)
Payments for units redeemed	-	(9,957)
Loans to related parties	200	-
Proceeds from sale of discontinued operation	-	28,008
Proceeds from disposal of financial assets at fair value through profit or loss	-	17,140
Proceeds from the sale of development land	-	35,000
Dividends paid to minority interest	1,161	(6,462)
Payments for intangibles	(1,878)	-
Interest received	<u>305</u>	<u>1,780</u>
Net cash (outflow) inflow from investing activities	<u>(4,842)</u>	<u>(28,718)</u>
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	-	3,032
Proceeds from borrowings	123,918	269,743
Proceeds from equity loan	-	25,132
Repayment of borrowings	(194,092)	(363,253)
Dividends paid to company's security holders	<u>-</u>	<u>(14,685)</u>
Net cash inflow (outflow) from financing activities	<u>(70,174)</u>	<u>(80,031)</u>
Net increase (decrease) in cash and cash equivalents	(7,173)	(20,271)
Cash and cash equivalents at the beginning of the financial year	<u>16,356</u>	<u>36,627</u>
Cash and cash equivalents at end of year	<u>9,183</u>	<u>16,356</u>

BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES

SUPPLEMENTARY APPENDIX 4E INFORMATION

1 Statement of Significant Accounting Policies

There have been no significant changes in accounting policies since the year ended 30 June 2009 which impact the financial results disclosed in this document.

This preliminary final report for the year ended 30 June 2010 has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the Corporations Act 2001.

This financial report does not include notes of the type normally included in an annual financial report. Accordingly, it is to be read in conjunction with the annual report for the year ended 30 June 2009 and all public announcements made by Becton Property Group Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Stock Exchange Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year. Comparatives for the year ended 30 June 2010 have been reclassified where necessary for consistency with current year disclosures.

2 Material Factors Affecting the Economic Entity for the Current Period

Refer to the information provided in this report, as well as the market announcement and results presentation both released today. For discussion of the nature and amount of material items affecting revenue, expenses, assets, liabilities, equity or cash flows, where their disclosure is relevant in explaining the financial performance or position of the entity for the period.

3 Individually Significant Items

These are detailed earlier in this report.

4 Dividend Information *(Appendix 4E item 6)*

No dividends have been paid, declared or recommended since the end of the preceding financial year.

5 Dividend Reinvestment Plans *(Appendix 4E item 7)*

The company currently has no dividend reinvestment plan in operation.

6 Retained Earnings *(Appendix 4E item 8)*

	Consolidated	
	2010	2009
	\$000	\$000
<i>Retained profits</i>		
Retained profits at the beginning of the financial year	(283,968)	20,909
Ordinary dividends provided for or paid	-	-
Net (loss)/profit attributable to members of Becton Property Group Limited	(84,353)	(304,877)
Retained profits at the end of the financial year	<u>(368,321)</u>	<u>(283,968)</u>

**BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
SUPPLEMENTARY APPENDIX 4E INFORMATION**

7 NTA Backing (*Appendix 4E item 9*)

	2010	2009
Net tangible asset backing per ordinary security (excluding Minority Interest)	\$(0.15)	\$0.23
Net tangible asset backing per ordinary security (including Minority Interest)	\$0.02	\$0.48

8 Associates and Joint Venture Entities (*Appendix 4E item 11*)

Name	Place of Incorporation	Ownership interest	
		2010 %	2009 %
Retirement Finance Pty Ltd	Australia	50	50

The share of net profit of associates and joint ventures accounted for using the equity method for the year ended 30 June 2010 is \$13.7 million (2009: \$1.8 million).

9 Other Significant Information (*Appendix 4E item 12*)

Refer to the detailed financial information and commentary on the results of each business provided earlier in this release.

10 Earnings Per Security (*Appendix 4E item 14.1*)

	Calculation of Basic EPS \$000	Calculation of Diluted EPS \$000	Calculation of Operating EPS \$000
Year end 30 June 2010			
(Losses)/earnings -cents per security	(41.18) cents	(41.18) cents	1.98 cents
Year end 30 June 2009			
(Losses)/earnings -cents per security	(167.28) cents	(167.28) cents	9.34 cents

Reconciliations of earnings used in calculating earnings per share

	2010 \$'000	2009 \$'000
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share		
Net (loss)/profit from continuing operations	(100,113)	(329,095)
(Loss)/profit from continuing operations attributable to minority interests	15,760	38,317
Loss from discontinued operation	-	(14,099)
Net profit	<u>(84,353)</u>	<u>(304,877)</u>
Weighted average number of ordinary securities used as denominator in calculating EPS	204,820,547	182,253,852

The Directors and Management have determined that the exclusion of certain non-cash and significant items permits a more appropriate and meaningful analysis of the Company's underlying performance on a comparative basis. Internally, the organization focuses on the adjusted financial outcomes known as Operating Results. The above net profit used in the Operating EPS calculation reflects the Operating Results which exclude the non-cash and significant items disclosed earlier in this report.

During the financial year no additional securities were issued, therefore the total number of securities on issue is equal to the weighted average number of securities at balance date.

At the 30th June 2010 Employee Share and Option Plans were in the process of being wound-up. All options previously in the Option Plan have been forfeited, meaning no dilution and hence no difference between the basic and diluted earnings per share.

**BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
SUPPLEMENTARY APPENDIX 4E INFORMATION**

11 Share Buyback *(Appendix 4E item 14.2)*

There have been no share buy backs during the period.

12 Segment Information *(Appendix E item 14.4)*

The consolidated entity operates entirely within the Australian geographic segment.

The consolidated entity operates in four business segments: Development & Construction, Investment Management, Retirement Management and Property Investment. Detailed financial information and commentary on the results of each of these segments is provided earlier in this report.

13 Trends in Performance *(Appendix 4E item 14.5)*

Refer to the detailed financial information and commentary on the results of each business provided earlier in this release.

14 Other Factors That Affected Results in the Period or which are Likely to Affect Results in the Future *(Appendix 4E item 14.6)*

Refer to the detailed financial information and commentary on the results of each business provided earlier in this release.

We note that on the day of release of this document, an investor meeting of two funds managed by Lachlan REIT Limited (a subsidiary of Becton Property Group) to consider removal of Lachlan REIT Limited as responsible entity of those funds is due to be held on 7th September 2010. The outcome of the meetings is uncertain, and therefore not considered in this document, or the results presentation also lodged today. Further market updates will be provided in due course.

15 Significant Features of Operating Performance *(Appendix 4E item 14.3)*

Refer to the detailed financial information and commentary on the results of each business provided earlier in this release.

16 Audit Status *(Appendix 4E item 15)*

This report is based on accounts which are in the process of being audited.

BECTON PROPERTY GROUP LIMITED AND ITS SUBSIDIARIES
SUPPLEMENTARY APPENDIX 4E INFORMATION

17 Reconciliation of (loss)/profit for the year to net cash inflow from operating activities *(Appendix 4E item 5)*

	Consolidated	
	2010	2009
	\$'000	\$'000
(Loss)/profit for the year	(100,113)	(343,194)
Depreciation and amortisation	1,226	2,525
Impairment of goodwill	-	61,793
Writedown in inventory to net realisable value	49,129	117,278
Non-cash employee benefits expense - share-based payments	402	436
Impairment of trade receivables	574	2,895
Realised loss on derivative financial instrument	-	5,026
Fair value adjustment to investment property	(2,851)	(555)
Fair value adjustment to financial assets	51,807	107,449
Net loss on discontinued operation	-	14,099
Share of profits of joint venture entities not received as dividends or distributions	(13,726)	(1,799)
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
(Increase)/decrease in trade debtors	(6,725)	35,314
Decrease/(increase) in inventories	69,399	192,343
(Increase)/decrease in deferred tax assets	(12,468)	(15,240)
Decrease/(increase) in value of investment properties	7,715	(8,502)
Increase/(decrease) in trade creditors	13,183	(56,518)
(Decrease)/increase in provision for income taxes payable	(2,513)	2,513
Increase/(decrease) in deferred tax liabilities	14,982	(12,444)
(Decrease)/increase in other provisions	(563)	(14,941)
(Decrease)/increase in other assets	(1,615)	-
Net cash inflow (outflow) from operating activities	67,843	88,478

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