

# BBX PROPERTY INVESTMENT FUND LTD.

ABN 17 118 847 108

## PRELIMINARY FINAL REPORT

1. Details of the reporting period: Year ended 30<sup>th</sup> June, 2007. Previous corresponding period: 30<sup>th</sup> June, 2006.
2. ***"Results for announcement to the market"***.
  - 2.1 Revenue for the period: \$57,701. Percentage change from the previous corresponding period: Not applicable as revenue previously was \$nil.
  - 2.2 Loss for the year after income tax: \$280,764. Percentage change from the previous corresponding: Not applicable as profit previously was \$nil.
  - 2.3 The amount and percentage change up or down from the previous corresponding period of profit (loss) for the period attributable to members of the parent: See 2.2.
  - 2.4 The amount per security and franked amount per security of final and interim dividends: \$nil. It is not proposed to pay dividends at this time.
  - 2.5 The record date for determining entitlements to the dividends: N/a.
  - 2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood: See attached.
3. Net tangible assets per security: \$0-97 Comparative figure for the previous corresponding period: \$1-00.
4. Details of entities over which control has been gained or lost during the period,
  - 4.1 Name of the entity: BBX Residential Pty. Ltd.
  - 4.2 The date of the gain or loss of control: Don't know.
  - 4.3 Contribution to the reporting entity's profit from ordinary activities: \$nil.
5. Details of dividends or distributions: \$nil.
6. Details of any dividend or distribution reinvestment plans in operation: N/a.
7. Details of associates and joint venture entities: N/a.
8. For foreign entities: N/a.

9. The attached accounts are subject to audit.

Please refer to the relevant Practice Note for the preferred format of this information, to be published by the *Exchange* from time to time.

**BBX PROPERTY INVESTMENT FUND LIMITED ABN 17 118 847 108**
**BALANCE SHEET AS AT 30 JUNE 2007**

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$'	\$'
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		738,849	-	716,944	-
Trade and other receivables		280,000	-	280,000	-
Other current assets		225,300	219,192	368,588	219,192
<b>TOTAL CURRENT ASSETS</b>		<b>1,244,149</b>	<b>219,192</b>	<b>1,365,532</b>	<b>219,192</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables		8,956,140	1	8,958,678	1
Property, plant and equipment		3,349,427	-	1,133,503	-
Financial assets		-	-	50,100	-
Deferred tax assets		-	12,314	-	12,314
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,305,567</b>	<b>12,315</b>	<b>10,142,281</b>	<b>12,315</b>
<b>TOTAL ASSETS</b>		<b>13,549,716</b>	<b>231,507</b>	<b>11,507,813</b>	<b>231,507</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		61,868	55,075	61,868	55,075
Short-term borrowings		599,047	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>660,915</b>	<b>55,075</b>	<b>61,868</b>	<b>55,075</b>
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables		-	164,117	-	164,117
Long-term borrowings		1,479,441	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,479,441</b>	<b>164,117</b>	<b>61,868</b>	<b>164,117</b>
<b>TOTAL LIABILITIES</b>		<b>2,140,356</b>	<b>219,192</b>	<b>61,868</b>	<b>219,192</b>
<b>NET ASSETS</b>		<b>11,409,360</b>	<b>12,315</b>	<b>11,445,945</b>	<b>12,315</b>
<b>EQUITY</b>					
Issued capital		11,677,810	1	11,677,810	1
Accumulated gain/(losses)		(268,450)	12,314	(231,865)	12,314
<b>TOTAL EQUITY</b>		<b>11,409,360</b>	<b>12,315</b>	<b>11,445,945</b>	<b>12,315</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2007**

<b>Economic Entity</b>	<b>Note</b>	<b>Share Capital Ordinary</b>	<b>Retained Profits</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At the date of incorporation</b>		-	-	-
Shares issued during the period		1		1
Profit attributable to members of the company			12,314	12,314
<b>Balance at 30.6.2006</b>		<b>1</b>	<b>12,314</b>	<b>12,315</b>
Balance at 1.7.2006		1	12,314	12,315
Shares issued during the year		11,677,809		11,677,809
Loss attributable to members of entity			(280,764)	(280,764)
<b>Balance at 30.6.2007</b>		<b>11,677,810</b>	<b>(268,450)</b>	<b>11,409,360</b>

<b>Parent Entity</b>	<b>Note</b>	<b>Share Capital Ordinary</b>	<b>Retained Profits</b>	<b>Total</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At the date of incorporation</b>		-	-	-
Shares issued during the period		1		1
Profit attributable to members of the company			12,314	12,314
<b>Balance at 30.6.2006</b>		<b>1</b>	<b>12,314</b>	<b>12,315</b>
Balance at 1.7.2006		1	12,314	12,315
Shares issued during the year		11,677,809		11,677,809
Loss attributable to members of entity			(244,179)	(244,179)
<b>Balance at 30.6.2007</b>		<b>11,677,810</b>	<b>(231,865)</b>	<b>11,445,945</b>

# BBX PROPERTY INVESTMENT FUND LIMITED ABN 17 118 847 108

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	Economic Entity		Parent Entity	
		2007	2006	2007	2006
		\$	\$	\$'	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		28,644	-	16,364	-
Payments to suppliers and employees		(569,794)	-	(264,732)	-
Interest received		29,057	-	29,001	-
Borrowing costs		(39,916)	-	(4,127)	-
Net cash used by operating activities		(552,009)	-	(223,494)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(2,344,599)	-	(473,578)	-
Net cash used by investing activities		(2,344,599)	-	(473,578)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		1,414,016	-	1,414,016	-
Proceeds from borrowings		2,221,441	-	-	-
Net cash provided by financing activities		3,635,457	-	1,414,016	-
			-		-
Net increase/(decrease) in cash held		738,849	-	716,944	-
Cash at 1 July		-	-	-	-
Cash at 30 June		738,849	-	716,944	-

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2006**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

BBX Property Investment Fund Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of BBX Property Investment Fund Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in its entirety.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

*First-time Adoption of Australian Equivalents to International Financial Reporting Standards*

BBX Property Investment Fund has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS).

The accounting policies set out below have been consistently applied to the period presented.

*Reporting Basis and Conventions*

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**(a) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2006**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**(b) Financial Instruments**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**(c) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(d) Accounting Period**

The results for the period ended 30 June 2006 cover the period from 17 March 2006 (being the date of incorporation) to 30 June 2006

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2006**

	<b>Note</b>	<b>2006</b>	<b>2006</b>
		<b>\$</b>	<b>\$</b>
Note 2: Income Tax Expense			
a. The components of tax expense comprise:			
Current tax			
Deferred tax	2	(12,314)	(12,314)
Over provision in respect of prior years		-	-
		<u>(12,314)</u>	<u>(12,314)</u>
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%)		-	-
Add:			
Tax effect of:			
— Non-allowable items		-	-
		<u>-</u>	<u>-</u>
Less:			
Tax effect of:			
— Prepaid equity raising expenditure		(12,314)	(12,314)
Income tax attributable to entity		<u>(12,314)</u>	<u>(12,314)</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2006**

**NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION**

- a. **Names and positions held of the company key management personnel in office at any time during the financial period are:**

**Key Management Person Position**

Simon Touma	Non-Executive Director
Michael Touma	Non-Executive Director
Barry Dawes	Non-Executive Director
Tim Creasy	Non-Executive Director

- b. **Compensation Practices**

The Company does not currently employ any person. The Company has appointed BBX Funds Management Pty Limited to manage the Fund. Accordingly, it is not anticipated that the Company will employ any person in the foreseeable future.

No remuneration has been paid to the directors during the financial year ended 30 June 2006.

The Company currently has no bonus reward or incentive payment schemes.

No options have been issued to directors.

**NOTE 4: AUDITORS' REMUNERATION**

Auditors' remuneration for the period had been provided for in the parent entity, BBX Holdings Limited's account.

**NOTE 5: EARNINGS PER SHARE**

There is no meaningful EPS calculation given the fact that there is only 1 unit of ordinary share as at 30 June 2006

**NOTE 6: OTHER ASSETS**

	<b>2006</b>	<b>2006</b>
CURRENT		
Public listing cost	205,225	205,225
GST receivables	13,967	13,967
	<u>219,192</u>	<u>219,192</u>

**NOTE 7: DEFERRED TAX ASSETS**

Deferred tax assets comprise:

Prepaid equity raising expenditure

12,314

# BBX PROPERTY INVESTMENT FUND LIMITED ABN 17 118 847 108

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

### NOTE 8: TRADE AND OTHER PAYABLES

	<b>2006</b> \$	<b>2006</b> \$
CURRENT		
Sundry payables and accrued expenses	55,075	55,075
NON-CURRENT		
Barter System (trade exchange deficit)	123,839	123,839
Director related company	40,278	40,278
	<u>164,117</u>	<u>164,117</u>

### NOTE 9: ISSUED CAPITAL

1 fully paid ordinary shares	1	1
	<u>1</u>	<u>1</u>
	<b>2006</b> <b>No.</b>	<b>2006</b> <b>No.</b>
<b>Ordinary shares</b>		
At the beginning of reporting period	-	-
Shares issued on 9 May 2006 at	-	-
At \$1.00	1	1
At reporting date	<u>1</u>	<u>1</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

### NOTE 10: SEGMENT REPORTING

The Company operates in one business segment, being the establishment and management of the BBX Property Investment Fund.

### NOTE 11: CONTINGENT LIABILITY

There were no contingent liabilities at balance date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2006**

**NOTE 12: CASH FLOW INFORMATION**

	<b>2006</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>a. Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit after income tax	-	-
Future income tax benefit applicable	(12,314)	(12,314)
Changes in assets and liabilities		
Decrease/(increase) in prepayments and other	(219,192)	
(Decrease)/increase in trade creditors and accruals	219,192	
Cashflow from operations	<u>-</u>	

**NOTE 13: EVENTS AFTER THE BALANCE SHEET DATE**

The following significant matters have arisen since the end of the half-year:

On 17 August 2006, the Company was admitted to the Official list of the Newcastle Stock Exchange (NSX) following the successful offering and placement of 1,035,382 ordinary shares and 3,080,744 "B" class shares.

**NOTE 14: RELATED PARTY TRANSACTIONS**

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

Transactions with related parties:

- (i) Current account balances with related parties

**Payables**

BBX Management Ltd (Aust)	<u>40,278</u>
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