



**BBX PROPERTY INVESTMENT FUND LIMITED**

**ABN 17 118 847 108**

**ANNUAL REPORT**

**2009**

CORPORATE DIRECTORY

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BBX PROPERTY INVESTMENT FUND LIMITED  
ACN 118 847 108 ABN 17 118 847 108

Registered Office:	916 Pacific Highway Gordon NSW 2072
Telephone:	+61 (2) 9499 1100
Fax:	+61 (2) 9499 1198
Email:	bbxpropertyfund@ebbx.com
Web address:	www.ebbx.com
Directors:	Simon Touma (Chairman) Tim Creasy Barry Dawes Michael Touma Carolyn Macdonald
Secretary:	Tim Creasy
Auditors:	Robert Nielson Partners Level 7, 280 George Street Sydney NSW 2000
Solicitors:	Shad Legal Services 61 Rickard Road Bankstown NSW 2200
Banker:	Commonwealth Bank of Australia
Share Registry:	Registries Limited Level 7, 207 Kent Street Sydney NSW 2000
Stock Exchange Listing:	BBX Property Investment Fund Limited shares are listed on the National Stock Exchange NSX Code: BPI
Annual General Meeting:	20 November 2009.

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CHAIRMAN'S LETTER

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Dear Investor,

It is with pleasure that I present to you on behalf of the directors the 2008/2009 Annual Report for BBX Property Investment Fund Limited (the "Property Fund" and the "Company").

During the year your company has completed it's third fundraising and embarked upon it's fourth. At the date of this report over \$17 million has been raised from investors. We have also been active trying to complete the purchase of further properties but have been unable to obtain finance due to the global financial crisis. Our website ([www.bbxpropertyfund.com](http://www.bbxpropertyfund.com)) includes all the details of the seventeen properties currently held.

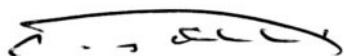
Your directors continue to believe that patient investing in real estate will be rewarded when the market stabilises and values start to reflect lower interest rates and the higher yields being achieved. Once again this year I can state with confidence that despite the fallout in capital markets around the world from the sub-prime mortgage lending disaster in the United States your directors are of the view that Australian property will prove to be a sound investment over the medium to long term.

The Property Fund is presently listed on the National Stock Exchange and managed by BBX Funds Management Pty. Limited, a 50% owned subsidiary company of BBX Holdings Limited. We are still pursuing plans to take the company on to the ASX as we put the strategies in place to get our shareholder base above 450. Those plans have been delayed due to factors beyond our control.

It is to be hoped the present economic circumstances will give us the opportunity to invest more of our BBX currency as developers drive deals to clear slow moving stock.

On behalf of my fellow directors I commend this annual report for your consideration and look forward to your continued patience and support.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Simon Touma', with a stylized flourish above the name.

SIMON TOUMA

Chairman

## ABOUT THE BBX PROPERTY FUND

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BBX Property Investment Fund Limited (the "Property Fund") is listed on the National Stock Exchange (NSX) and has been established with a number of objectives in mind:

- To take advantage of the over-supply that exists in respect to certain areas of the residential apartments market in both Australia and New Zealand;
- To offer tax effective investment opportunities for BBX investors and superannuation funds of BBX members;
- To provide property investment opportunities for new and existing members of the BBX Exchange.

Those who study the property market will understand that there is an over-supply of residential properties, particularly apartments, town houses in some areas of most eastern States. The first home owners grant has provided a short term boost but this is now coming to an end.

In some cases developers are burdened by significant holding costs (interest payments) and pressure is being brought to bear by their banks and other financiers to clear the loan facilities provided for their building projects.

Through its trade exchange operation BBX will enter into agreements with developers to acquire all or some of their properties by using BBX trade dollar currency used by the Exchange to fund part of the purchase price.

BBX can also provide interest-free overdrafts to qualifying members for working capital and for investment in property, which is a unique feature to the trade exchange.

The fund will invest in a diverse and fully managed portfolio of residential property and it can, if structured properly, be an investment for superannuation funds.

The BBX Property Fund has been offered a significant amount of property to purchase and, following the successful listing on the NSX, has begun the process of identifying the most suitable properties.

Some have already been acquired, others have contracts exchanged, and the Directors are researching other suitable properties for acquisition, especially following another fundraising that was successfully completed just after the end of the financial year.

It is expected that the capital raisings undertaken in 2008 and 2009 will place the company in a strong position to capitalise on existing and emerging opportunities in the Australian and New Zealand property markets. Of particular interest will be property located in high demand regions, including holiday destinations subject to the banks tougher lending criteria following the subprime problems overseas.

As the market moves inevitably from a cyclical low point, it is expected that improving yields, already firming in the Sydney market, will lead to stabilising and then rising capital values, with consequent benefit to shareholders.

In the meantime, properties acquired by the BBX Property Fund will be placed under management and will generate income.

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the governance of the company. The Board discharges its corporate governance obligations generally in accordance with the recommendations of the Australian National Audit Office published in *principles and Better Practices – Corporate Governance in Commonwealth Authorities and Companies*.

Clause 6.9 of the NSX Listing Rules requires “a statement of the main corporate governance practices that the *issuer* had in place during the relevant period”. The Board is mindful of the ASX’s *Principles of Good Corporate Government and Best Practice Recommendations*. Under those principles, where a company has not followed all of the recommendations, it must identify those that have not been followed and the reasons for so doing. NSX expects that the Board will consider what policies and procedures must be adopted to ensure:

- adoption of transparent corporate structures and operations, and
- application of risk management, control structures and Board accountability to shareholders.

Although NSX does not require slavish adherence to these principles, for the benefit of comparisons and for ease of reporting the Board is pleased to provide the information below.

The following table refers to each of the Principles recommended by the Australian Stock Exchange Governance Council. Where the Company complies with the principle during the reporting period “Yes” appears in the compliance column. Where the Company does not comply “No” appears in the compliance column and the reason for non-compliance is set out in the notes below. It should be noted that the Company does not directly employ any staff and its operations are outsourced. Most administrative functions are performed under contract by BBX Management Limited which must comply with the policies and procedures approved by the Board.

Corporate Governance Principle	Recommendation	ASX Principle	Compliance	Note
Lay solid foundations for management and oversight	1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes	
Structure the Board to Add Value	2.1	A majority of the Board should be independent directors.	No	(1)
	2.2	The Chairperson should be an independent director.	Yes	
	2.3	The roles of Chairperson and Chief Executive Officer should not be exercised by the same person.	Yes	
	2.4	The Board should establish a Nomination Committee.	No	(2)
Promote ethical and responsible decision making	3.1	Establish a code of conduct to guide the directors, the chief executive officer, the chief financial officer any other key executives to:		
		3.1.1 the practices necessary to maintain confidence in the company’s integrity;	Yes	
		3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
	3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	No	(5)
Safeguard integrity in financial reporting	4.1	Require the chief executive officer and chief financial officer to 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 the relevant accounting standards.	Yes	
	4.2	The Board should establish an audit committee.	No	(3)
	4.3	Structure the audit committee so that it consists of: only non executive directors a majority of independent directors;	Yes No	 (3)

		an independent chairperson, who is not chairperson of the board;  at least three members.	No  Yes	(3)
	4.4	The audit committee should have a formal charter.	No	(5)
Make timely and balanced disclosure	5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	No	(4)
Respect the rights of shareholders	6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Yes	
	6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Yes	
Recognise and manage risk	7.1	The Board or appropriate board committee should establish policies on risk oversight and management.	Yes	
	7.2	The chief executive officer and the chief financial officer (or equivalent) should state to the board in writing that		
		7.2.1 the statement give in accordance with best practice recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.	Yes	
		7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Yes	
Encourage enhanced performance	8.1	Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.	No	(5)
Remunerate fairly and responsibly	9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits to those policies and (ii) the link between remuneration paid to directors and key executives and corporate performance.	Yes	(2)
	9.2	The Board should establish a remuneration committee.	No	
	9.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	
	9.4	Ensure that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Yes	
Recognise the legitimate interests of stakeholders	10.1	Establish a formal Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.	Yes	

- (1) Two Directors are also Directors of BBX Management Limited ACN 059 341 758 and another is a Director of BBX Funds Management Limited ACN 075 730 719. The Board is comprised of four directors. The Board so decided having regard to the nature and size of the company, its business and stage of development. The diverse background and experience of each of the Directors is such that they are capable of acting in an independent manner and in the best interests of shareholders.
- (2) The Board decided, given that there are four directors on the Board, it is impractical to establish this committee. The Board as a whole is responsible for ensuring implementation of the company's policies in this area.
- (3) The Board carefully considered the functions of the Audit Committee during the year in relation to the company's operations and decided, because of the composition of the Board and the wide experience of the individual directors, it is preferable for the Board as a whole to form the Audit Committee.
- (4) Not applicable.
- (5) This is yet to be considered by the Board.

DIRECTORS REPORT

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Your directors present their report on the company for the financial period ended 30 June 2009.

### Directors

The names of directors in office at any time during or since the end of the financial period are as follows:

Simon Touma

Tim Creasy

Barry Dawes

Michael Touma

Carolyn MacDonald

Each of the directors was in office for the entire reporting period and remains in office at the date of this Annual Report.

### Company Secretary

The Company Secretary Donald Fearon LLB(Macq) LLM(Syd) MEL(Syd). resigned in May 2008, Mr Tim Creasy was appointed Company Secretary in August 2008. He is a Chartered Accountant.

### Principal Activities

The principal activity of the Company during the period is Property Investment.

### Operating Results

The consolidated loss of the economic entity after providing for income tax and eliminating minority equity interests is \$364,049. For the last year there was a loss of \$388,393.

### Dividends Paid or Recommended

No dividends were paid or declared during the financial period and no recommendation is made for payment of any dividends.

### Financial Position

The net assets of the Company as at 30 June 2009 are \$15,727,833.

Cash Position:	2009	2008
	\$	\$
Net increase in cash held:	(54,657)	118,187
Less New Share Issue Trust A/C	-	-
Cash at 1 July:	430,070	311,883
Cash at 30 June:	375,413	430,070
Net Movement in trade dollars:	2,305,027	6,386,178
Less New Share Issue A/C	-	-
Trade dollar at 1 July:	10,368,544	3,982,366
Trade dollar at 30 June:	12,673,571	10,368,544



DIRECTORS REPORT

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**Significant Changes in State of Affairs**

There has been no significant change in the state of affairs of the company since 30<sup>th</sup> June, 2009 until the date of this report and the directors are not aware of any change in circumstances that is likely to adversely affect the trading position of the company.

**After Balance Date Events**

Contracts on a number of investment properties are being pursued but none have been exchanged since 30 June 2009.

The Company issued a Prospectus for further fundraising. This closed on 28 August, 2009 having exceeded the minimum subscription sought. A total of 258,267 ordinary and 485,567 shares were issued as a result of this offer.

**Future Developments**

It is expected that the Company will continue to purchase selected properties as and when suitable opportunities arise and funding becomes available.

**Information on Directors**

Directors in office at the date of this report are:

<b>Simon Touma</b>	-	Chairman and Non-Executive Director	
Qualifications	-	Licensed Real Estate Agent	
Experience	-	Appointed Director and Chairman on 17 March 2006. The principal of Peter A. Simon Real Estate Pty Ltd, having been with that Company for 30 years.	
Other Directorships	-	Current Directorships	Nil
	-	Former Directorships of Listed Entities in last 3 years:	Nil
Interest in Shares	-		
			110,000 ordinary shares; Simon & Eileen Touma P/L Super Fund.
<b>Michael Touma</b>	-	Non-Executive Director	
Qualifications	-	Certified Trade Broker	
Experience	-	Appointed a Director on 17 March 2006. Founder and Managing Director of the BBX Group of Companies since 1993.	
Other Directorships	-	Current Directorships of Listed Entities:	
	-	Director, BBX Holdings Limited	
		Former Directorships of Listed Entities in last 3 years:	Nil
Interest in shares	-		
			203,000 ordinary shares, M & M Touma Super Fund

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<b>Barry Dawes</b>	-	Non-Executive Director	
Qualifications	-	B. Sc. (Syd), FAusIMM (CP), MSDIA	
Experience	-	Appointed Director on 17 March 2006. Barry is the Managing Director of Martin Place Securities Pty Limited	
Other Directorships	-	Current Directorships of Listed Entities:	
	-	Director, Uranium Exploration Australia Limited	
	-	Director, Superior Coal Limited	
	-	Former Directorships of Listed Entities in last 3 years:	Nil
Interest in Shares	-	12,500 ordinary; Barry Dawes and Dronkay P/L.	
		Related entities – 667,700 ordinary; 200,000 class 'B'	
<hr/>			
<b>Tim Creasy</b>	-	Non-Executive Director	
Qualifications	-	Chartered Accountant	
Experience	-	Appointed Director on 17 March 2006. Practised as an Accountant for 24 years, including as a partner of Tregloans, Chartered Accountants, for 15 years. Tim is a Director and the Chief Financial Officer of BBX Holdings Limited.	
Other Directorships	-	Current Directorships of Listed Entities	
	-	Director, BBX Holdings Limited	
		Director, Digislide Holdings Limited	
	-	Former Directorships of Listed Entities in last 3 years:	Nil
Interest in shares	-	311,000 ordinary shares, 50,000 'B' shares, R. Elliott & Associates P/L as trustee for T J Creasy Super Fund.	
<hr/>			
<b>Carolyn Macdonald</b>	-	Non-Executive Director	
Qualifications	-	Certified Trade Broker	
Experience	-	Since it's formation Carolyn has been actively involved with BBX. Carolyn is currently Chief Operating Officer of BBX responsible for day to day operations. Being a licensed real estate agent, Carolyn also runs the BBX Real Estate Division and manages the properties in the BBX Property Investment Fund. Carolyn has been an Executive Director of BBX for over 11 years, she is a Certified Trade broker and a Justice of the Peace for New South Wales.	
Other Directorships	-	Current Directorships of Listed Entities	
	-	BBX Holdings Ltd.	
	-	Former Directorships of Listed Entities in last 3 years:	Nil
Interest in shares	-	24,000 ordinary	

## REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of BBX Property Investment Fund Limited.

### Remuneration Policy

The Company does not currently employ any person other than the five directors. The Company has appointed BBX Funds Management Pty Limited to manage the Fund. It is not anticipated that the Company will employ any additional person in the current year.

The remuneration policy of the Company has been designed to align director objectives with shareholder objectives by providing a fixed remuneration. The Board is of the view that the remuneration policy is appropriate given the Company's present size and position.

### Directors Fees 2008/2009

	<b>Directors' Fees</b>
Simon Touma	\$33,330
Michael Touma	\$43,330
Barry Dawes	\$33,330
Tim Creasy	\$43,330
Carolin MacDonald	\$15,150

The directors do not receive any other benefits other than those disclosed above.

### Options issued as part of remuneration for the year ended 30 June 2009

No options over issued shares or interests in the company were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

### Employment contracts of directors

Directors, Officers and Auditors Indemnifications

The Company has not, during or since the financial period, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

### Environmental Legislation

The group's operations are not subject to any significant environmental regulations under the laws of the Commonwealth or a State.

## Directors Meetings

Director	Date Appointed	Board Meetings 01.07.2008 - 30.06.2009	
		A	B
Tim Creasy	17.3.06	8	8
Barry Dawes	17.3.06	8	8
Michael Touma	17.3.06	8	8
Simon Touma	17.3.06	8	8
Carolyn MacDonald	18.12.07	8	8

A - Number of meetings held      B -  
Number of meetings attended

## Corporate Governance

The Company's corporate governance statement appears at pages 7 and 8 of this Annual Report.

## Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

## Non-audit Services

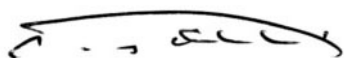
There were no non-audit services provided during the year.

## Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2009 has been received and can be found on page 13 of the directors' report.

## Directors' Resolution

This Directors' Report has been made in accordance with a resolution of directors dated 30 September, 2009.



Simon Touma - Chairman



Michael Touma - Director

**AUDITORS INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF BBX PROPERTY INVESTMENT FUND LIMITED**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2009, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

**Robert Nielson Partners**



**Robert Nielson**

**Date 30 September 2009**

<b>INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009</b>					
	<b>Note</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue from ordinary activities	2	297,511	246,618	201,198	165,241
Other income	2	18,815	33,842	18,815	33,842
Directors fee		(168,470)	(167,258)	(168,470)	(167,258)
Share registration expense		(26,058)	(29,542)	(26,058)	(29,542)
Management fee		(43,148)	(77,970)	(43,148)	(77,970)
Interest paid		(344,799)	(295,832)	(181,520)	(120,248)
Other expenses		(119,361)	(98,251)	(89,826)	(68,339)
<hr/>					
Profit /(Loss) before income tax		(385,509)	(388,393)	(289,009)	(264,274)
Income tax expense relating to ordinary activities	3	-	-	-	-
<hr/>					
Profit attributable to members of the company		(385,509)	(388,393)	(289,009)	(264,274)

<b>BALANCE SHEET AS AT 30 JUNE 2009</b>					
	<b>Note</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	7	375,413	430,070	347,763	419,353
New Share Issue Account	7	-	-	-	-
Trade and other receivables	8	(124,959)	24,000	(124,959)	24,000
Other current assets	9	1,019	681,227	733	681,168
<b>TOTAL CURRENT ASSETS</b>		<b>251,472</b>	<b>1,135,297</b>	<b>223,537</b>	<b>1,124,521</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	8	280,726	55,636	12,272	170,042
Investment property	10	6,914,947	6,907,947	4,693,885	4,686,885
Financial assets	11	-	-	550,100	50,100
Other financial assets	13	12,673,571	10,368,544	12,673,571	10,368,544
Deferred tax assets	14	-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,869,244</b>	<b>17,332,127</b>	<b>17,929,828</b>	<b>15,275,571</b>
<b>TOTAL ASSETS</b>		<b>20,120,716</b>	<b>18,467,424</b>	<b>18,153,365</b>	<b>16,400,092</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	15	12,708	77,130	12,708	75,397
Financial liabilities	16	742,000	741,253	-	(747)
<b>TOTAL CURRENT LIABILITIES</b>		<b>754,708</b>	<b>818,383</b>	<b>12,708</b>	<b>74,650</b>
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	15	-	-	-	-
Financial liabilities	16	3,659,636	3,656,595	2,180,144	2,175,355
Other financial liabilities	13	-	-	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,659,636</b>	<b>3,656,595</b>	<b>2,180,144</b>	<b>2,175,355</b>
<b>TOTAL LIABILITIES</b>		<b>4,414,344</b>	<b>4,474,978</b>	<b>2,192,852</b>	<b>2,250,006</b>
<b>NET ASSETS</b>		<b>15,706,372</b>	<b>13,992,446</b>	<b>15,960,514</b>	<b>14,150,087</b>
<b>EQUITY</b>					
Issued capital	17	16,741,288	14,641,853	16,741,288	14,641,853
Accumulated (losses)		(1,034,916)	(649,407)	(780,774)	(491,766)
<b>TOTAL EQUITY</b>		<b>15,706,372</b>	<b>13,992,446</b>	<b>15,960,514</b>	<b>14,150,087</b>

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009**

<b>Economic Entity</b>	<b>Note</b>	<b>Share Capital Ordinary</b>	<b>Accumulated Losses</b>	<b>Total</b>
		\$	\$	\$
<b>Balance at 1.7.2007</b>		11,677,810	(261,013)	11,416,797
Shares issued during the year				
		3,197,602	-	3,197,602
Cost of share issue				
		(233,559)		(233,559)
Loss for the year				
			(388,394)	(388,394)
<b>Balance at 30.6.2008</b>		14,641,853	(649,407)	13,992,446

<b>Parent Entity</b>	<b>Note</b>	<b>Share Capital Ordinary</b>	<b>Accumulated Losses</b>	<b>Total</b>
		\$	\$	\$
<b>Balance at 1.7.2007</b>		11,677,810	(227,492)	11,450,318
Shares issued during the year				
		3,197,602	-	3,197,602
Cost of share issue				
		(233,559)	-	(233,559)
Loss for the year				
		-	(264,274)	(264,274)
<b>Balance at 30.6.2008</b>		14,641,853	(491,766)	14,150,087



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009**

<b>Economic Entity</b>	<b>Note</b>	<b>Share Capital Ordinary</b>	<b>Accumulated Losses</b>	<b>Total</b>
		\$	\$	\$
<b>Balance at 1.7.2008</b>		14,641,853	(649,407)	13,992,446
Shares issued during the year		2,187,650	-	2,187,650
Loss for the year			(385,509)	(385,509)
Cost of share issue		(88,215)	-	(88,215)
<b>Balance at 30.6.2009</b>		16,741,288	(,1034,916)	15,706,372

<b>Parent Entity</b>	<b>Note</b>	<b>Share Capital Ordinary</b>	<b>Accumulated Losses</b>	<b>Total</b>
		\$	\$	\$
<b>Balance at 1.7.2008</b>		14,641,853	(491,766)	14,150,087
Shares issued during the year		2,187,650	-	2,187,650
Cost of share issue		(88,215)	-	(88,215)
Loss for the year		-	(289,009)	(289,009)
<b>Balance at 30.6.2009</b>		16,741,288	(780,775)	15,960,513

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	<b>Note</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		297,511	181,164	201,198	99,787
Payments to suppliers and employees		(481,247)	(106,290)	(340,211)	(89,477)
Interest received		18,815	33,842	18,815	33,842
Finance costs		(360,552)	(315,696)	(184,178)	(128,351)
Net cash used by operating activities	19a	(525,473)	(206,980)	(304,376)	(84,199)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(79,122)	(2,796,203)	(77,389)	(2,905,996)
Net cash used by investing activities		(79,122)	(2,796,203)	(77,389)	(2,905,996)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of shares		546,150	964,942	46,150	964,942
Proceeds from borrowings		3,788	2,156,427	264,026	2,154,629
Net cash provided by financing activities		549,938	3,121,370	310,176	3,119,571
Net increase/(decrease) in cash held		(54,657)	118,187	(71,590)	129,376
Cash at 1 July		430,070	311,883	419,353	289,978
Cash at 30 June		375,413	430,070	347,763	419,354

This cash flow statement only includes payments and receipts in cash dollars and does not include BBX trade dollar transactions.

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

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*.

The financial report covers the economic entity of BBX Property Investment Fund Limited and controlled entities, and BBX Property Investment Fund Limited as an individual parent entity. BBX Property Investment Fund Limited is a listed public company, incorporated and domiciled in Australia.

The financial report of BBX Property Investment Fund Limited and controlled entities, and BBX Property Investment Fund Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

#### **Basis of Preparation**

##### *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) Principles of Consolidation**

A controlled entity is any entity BBX Property Investment Fund Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

#### **(b) 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 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

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**(c) Property**

Freehold land and **buildings** are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

**(d) Financial Instruments**

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.

**-Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**-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.

**-Held-to-maturity investments**

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

**-Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**-Financial liabilities**

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

**-Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**-Impairment**

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**(e) Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

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recoverable amount of the cash-generating unit to which the asset belongs.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-borrowings in current liabilities on the balance sheet.

**(g) BBX Trade Dollars**

The group has completed various transactions in BBX Trade Dollars during the year and certain assets and liabilities at year end are denominated in BBX Trade Dollars. These transactions and balances have been converted on the basis of one BBX Trade Dollar for one currency unit in each of the countries that the group operates.

**(h) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**(i) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the income in the period in which they are incurred.

**(j) 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.

**(k) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The financial report was authorised for issue on the 28 September 2009 by the board of directors

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009****NOTE 2 REVENUE**

	<b>Note</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Ordinary operating activities					
— Rental income		297,511	246,618	201,198	165,241
— Interest received		18,815	33,842	18,815	33,842
Total revenue		316,327	280,460	220,013	199,083

**NOTE 3. INCOME TAX EXPENSE**

	<b>Note</b>	<b>Economic Entity</b>		<b>Parent Entity</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
a. The components of tax expense comprise:					
Current tax		-	-	-	-
Deferred tax	14	(109,215)	(159,796)	(80,265)	(122,560)
		(109,215)	-	(80,265)	-
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% (2009: 30%)					
— economic entity		(109,215)	(159,796)	-	-
— parent entity		-	-	(80,265)	(122,560)
		-	(159,796)	-	(122,560)
Add:					
Tax effect of:					
— Non-recognised deferred tax assets from current year loss		109,215	159,796	80,265	122,560
Income tax attributable to entity		-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009****NOTE 4: 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 Chairman
Michael Touma	Executive Director
Barry Dawes	Non-Executive Director
Tim Creasy	Executive Director
Carolyn MacDonald	Non-Executive Director

- b. Compensation Practices

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

The directors' remuneration has been included in the Remuneration Report section of the Directors' Report.

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

No options have been issued to directors.

**Note 5: Auditors' Remuneration**

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Remuneration of the auditor of the parent entity for:				
— auditing or reviewing the financial report	14,235	16,215	14,235	16,215
	14,235	16,215	14,235	16,215

**Note 6: Earnings per Share**

	2009	2008
Earning per share Calculation	0.037	0.025

**Note 7: Cash and Cash Equivalents**

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash at bank and in hand	375,413	430,070	347,763	419,353
	375,413	430,070	347,763	419,353

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009****Note 8: Trade and other receivable**

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Other receivables	(124,959)	24,000	(124,959)	24,000
	(124,959)	24,000	(124,959)	24,000
NON CURRENT				
Other related entities	280,726	55,636	12,272	170,042
	280,726	55,636	12,272	170,042

**Note 9: Other current assets**

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
Prepayment	-	13,760	-	13,760
Deposit	-	650,525	-	650,525
GST receivables	286	16,210	-	16,151
Other	733	733	733	733
	1,019	681,227	733	681,168



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009****Note 10: Investment property**

	<b>Economic Entity</b>		<b>Parent Entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at beginning of year	6,914,947	3,356,864	4,693,885	1,137,876
Acquisitions		3,551,083	-	3,549,009
Balance at end of year	<u>6,914,947</u>	<u>6,907,947</u>	<u>4,693,885</u>	<u>4,686,885</u>
Rental income received from investment properties	297,511	246,618	201,198	165,241
Direct operating expenses of investment properties	69,024	31,993	52,796	14,053

All investment properties acquired have been recorded at cost.

After initial recognition the fair value model will be applied to all investment properties. Investment properties will be independently revalued at least tri-annually, values will be based on an active liquid market value and be performed by a registered independent valuer.

**Note 11: financial assets**

	<b>Economic Entity</b>		<b>Parent Entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
a. Available-for-sale Financial Assets Comprise				
Shares in related parties, at cost	-	-	550,100	50,100
Total available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>550,100</u>	<u>50,100</u>

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost. Unlisted available-for-sale financial assets exist within active markets and could be disposed of if required.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009****Note 12: Controlled Entities****a. Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)	
		2009	2008
Parent Entity:			
BBX Property Fund Investment Ltd	Australia	-	-
Ultimate Parent Entity			
Subsidiary of BBX Property Investment Fund Ltd			
BBX Residential Pty Ltd	Australia	100%	100%

**Note 13: Other financial assets/liabilities**

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
OTHER FINANCIAL ASSETS				
Barter IT (Barter Trade Exchange Account)	12,673,571	10,368,544	12,673,571	10,368,544
	12,673,571	10,368,544	12,673,571	10,368,544

The above assets and liabilities are denominated in BBX Trade Dollars

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009****Note 14: Deferred tax assets**

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
<hr/>				
<hr/>				
Deferred tax assets not brought to account the benefits of which will only be realised if the conditions for deductibility set out in Note1 (b) are met				
- temporary differences	-	-	-	-
- Current year tax losses	109,215	159,796	80,265	122,560

**Note 15: Trade and other payables**

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Sundry payables and accrued expense	5,008	77,130	5,008	75,397
	5,008	77,130	5,008	75,397
NON CURRENT				
Other related entities	-	-	-	-
	0	0	0	0

**Note 16: FINANCIAL liabilities**

	Economic Entity		Parent Entity	
	2009	2008	2009	2008
	\$	\$	\$	\$
CURRENT				
Bank loans	742,000	741,253	-	(747)
	742,000	741,253	-	(747)
NON CURRENT				
Bank loans	3,659,636	3,656,595	2,180,144	2,175,355
	3,659,636	3,656,595	2,180,144	2,175,355

The bank loans are secured by mortgages over property assets held by the company.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
11,969,256 Fully paid ordinary shares (2008 5,283,950 share)	11,969,256	5,283,950	11,969,256	5,283,950
Cost of issuing ordinary shares	(155,577)	(392,124)	(155,577)	(392,124)
5,083,186 Fully paid B Class shares (2008 10,147,542)	5,083,186	10,147,542	5,083,186	10,147,542
Cost of issuing B Class shares	(155,577)	(397,516)	(155,577)	(397,516)
	<u>16,741,288</u>	<u>14,641,853</u>	<u>16,741,288</u>	<u>14,641,853</u>

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<b>a. Ordinary shares</b>				
At the beginning of reporting period	5,283,950	1,762,358	5,283,950	1,762,358
Shares issued during the year				
— at \$1 each	488,900	772,220	492,900	772,220
— convert from B class share	6,196,406	2,749,372	6,196,406	2,749,372
<b>b. B class shares</b>				
At the beginning of reporting period	10,147,542	10,471,532	10,147,542	10,471,532
Shares issued during the year				
— at \$1 each	1,132,050	2,425,382	1,132,050	2,425,382
— convert to ordinary share	(6,196,406)	(2,749,372)	(6,196,406)	(2,749,372)
At reporting date	<u>17,052,442</u>	<u>15,431,492</u>	<u>17,056,442</u>	<u>15,431,492</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

B Class shares have rights identical to those of the ordinary shares save and except as follows:

- they do not participate in dividend distributions.
- they cannot be traded on the stock exchange.

**Note 18: SEGMENT REPORTING**

The Company operates in one business segment, being investment in property.

**Note 19: contingent liability**

There were no contingent liabilities at balance date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

**Note 19a: Cash Flow Information**

	<b>Economic Entity</b>		<b>Parent Entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>				
<b>a.</b>				
Profit after income tax	(364,049)	(388,393)	(267,549)	(264,274)
Future income tax benefit applicable	-	-	-	-
Changes in assets and liabilities				
Decrease/(increase) in other debtors	297,511	181,164	201,198	99,787
Decrease/(increase) in prepayments and other	(1,073,258)	(520,499)	(710,939)	(338,163)
(Decrease)/increase in trade creditors and accruals	(481,247)	(106,290)	(340,211)	(89,477)
Cashflow from operations	<u>(525,473)</u>	<u>(206,980)</u>	<u>(304,377)</u>	<u>(84,199)</u>

**b. Non-cash Financing and Investing Activities**

i.

1. Purchase of property	-	1,013,865	-	1,013,865
2. Proceeds from share issue	1,639,527	2,790,667	1,639,527	2,790,667
3. Shares in BBX Residential Pty Ltd	-	-	550,100	50,100

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009****NOTE 20: EVENTS AFTER THE BALANCE SHEET DATE**

No significant matters have arisen since the end of the financial year.

**Note 21: 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

	<b>Economic Entity</b>		<b>Parent Entity</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

## (i) Transactions with related parties:

Rental income received from Priced2Clear Pty Ltd	-	65,455	-	65,455
Management fees paid to BBX Funds Management Pty Ltd	43,148	77,970	43,178	77,970

## (ii) Current account balances with related parties

**Receivables**

BBX Holdings Ltd	1	1	1	1
BBX Funds Management Pty Ltd	12,271	36,974	12,271	36,974

**Payables**

BBX Management Pty Ltd	-	1,339	-	1,230
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**Note 22: Financial Instruments****a. Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Within 1 Year		1 to 5 years		Non Interest Bearing		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	%	%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Financial Assets:</b>												
Cash and cash equivalents	6.15	7.04	375	430							375	430
Receivables			14	24					14	24	14	24
<b>Total Financial Assets</b>			389	454					14	24	389	454
<b>Financial Liabilities:</b>												
Trade and sundry payables									5	77	5	77
Bank loans	7.45	7.65			742	741	3,659	3,657			4,401	4,398
<b>Total Financial Liabilities</b>					742	741	3,659	3,657	5	77	4,406	4,475

**b. Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

**c. Net Fair Value**

Where applicable the net fair value of term debtors and fixed interest securities are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.

Where applicable the net fair values of other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.

For Forward exchange contracts, where applicable, the net fair value is the recognised unrealised gain or loss at balance date determined from the current forward exchange rates for contracts with similar maturities.

The net fair value for interest rate swaps, where applicable, would be the present value of the future net interest cash flows.

For other assets and other liabilities the assessed net fair value approximates their carry value.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

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**NOTE 23: COMPANY DETAILS**

The registered office of the company is:

916 Pacific Hwy, Gordon NSW, 2072

The principal places of business are:

916 Pacific Hwy, Gordon NSW, 2072



**DIRECTORS' DECLARATION**

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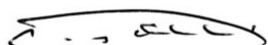
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 15 to 32, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 30 June 2009 and of the performance for the period ended on that date of the company.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
  - a. the financial records of the company for the financial period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial period comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial period give a true and fair view;
3. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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

On behalf of the Board.



**Simon Touma**  
**Chairman**



**Michael Touma**  
**Director**

**Gordon**  
**30 September 2009**

**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF BBX PROPERTY INVESTMENT FUND LIMITED**

**Scope****Report on the Financial Report**

We have audited the accompanying financial report comprising the income statement, the balance sheet, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for BBX Property Investment Fund Limited (the company) and BBX Property Investment Fund Limited and its Controlled Entities (the consolidated entity) for the year ended 30 June 2009. The consolidated entity comprises both the company and the entities it controlled at the year's end or from time to time during the financial year.

**Directors' responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101; Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards in their entirety.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 and fair presentation of the financial report 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 evaluation 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independence

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

## Audit Opinion

In our opinion,

- (a) the financial report of BBX Property Investment Fund Limited and its controlled entities is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including Australian Accounting interpretations) and with the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## Report on Remuneration Report

We have audited the Remuneration Report included in page 11 of the report of the directors for the year ended 30 June 2009. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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.

In our opinion the Remuneration Report of BBX Property Investment Fund Limited for the year ended 30 June 2009, complies with s 300A of the *Corporations Act 2001*.

## Significant Uncertainty as to Value of BBX Trade Dollar Balances

Without qualification to the opinion expressed above attention is drawn to the following matter.

Set out in Note 13 are the balances of BBX Trade Dollars available to the consolidated entity to acquire investment properties. The balance at 30 June 2009 is BBX12,673,571. The consolidated entity has been unable to acquire any investment property during the year ended 30 June 2009 and there are no contracts presently existing to acquire any property in the forthcoming year.

If the consolidated entity is unable to locate investment properties which can be acquired wholly or partly with BBX Trade Dollars in the future, the value of the BBX Trade Dollars may ultimately be less than amount stated in Note 13.

## Robert Nielson Partners



Robert Nielson

Date 30 September 2009

## SHAREHOLDER INFORMATION

The Shareholder Information set out below was applicable at 25 September 2009.

**Distribution of Equity Securities – Fully Paid Ordinary Shares**

Number of Shares Held	Total Holders	Number of Units	%
1-1,000	0	0	0
1,001-5,000	161	375,100	2.344
5,001-10,000	68	624,500	3.902
10,001-100,000	149	5,583,129	34.887
100,001-99,999,999,999	30	9,420,830	58.867
<b>Totals</b>	<b>408</b>	<b>16,003,559</b>	<b>100.000</b>

**TWENTY LARGEST SECURITY HOLDERS – FULL PAID ORDINARY SHARES**

Name	Number Held	% of Issued Shares
BBX HOLDINGS LTD	2,122,500	13.263
MR VINCENT CHAN & MRS HELEN CHAN <V & H CHAN SUPER FUND A/C>	1,000,000	6.249
MRS MIREILLE TOUMA	754,000	4.711
BBX HOLDINGS LIMITED	636,001	3.974
O'MARA INVESTMENTS PTY LTD <O'MARA INVESTMENTS A/C>	454,000	2.837
MS LUCEILLE OUTHRED <JOLU SUPER FUND A/C>	450,000	2.812
MARTIN PLACE SECURITIES NOMINEES PTY LTD	352,500	2.203
CUTHBERT SUPERANNUATION PTY LTD <THE CUTHBERT SUPER FUND A/C>	323,900	2.024
MR DENNIS RUTZOU & MRS JOAN RUTZOU <CINQUE SUPER FUND A/C>	320,000	2.000
R ELLIOTT & ASSOCIATES PTY LTD <T J CREASY SUPER FUND A/C>	309,000	1.931
MR GEORGE GILBERT TROTT	220,000	1.375
SOUTH SYDNEY DISTRICT RUGBY LEAGUE FOOTBALL CLUB LTD	210,000	1.312
TATO PTY LTD <MCHENDY A/C>	206,000	1.287
MR GARY KURZER & MS VIRGINIA AGHAN <BIG FEATS SUPER FUND A/C>	200,000	1.250
MARTIN PLACE SECURITIES NOMINEES PTY LTD	200,000	1.250

WHI SECURITIES PTY LIMITED <CROWN CREDIT CORPORATION A/C>	200,000	1.250
MR MICHAEL ROBERT TIMONEY <TIMONEY SUPER FUND A/C>	187,500	1.172
MR ROBERT KNUCKEY & MS CHRISTINE LOWDER	165,000	1.031
MR KEVIN JAMES SOPER <DIGISLIDE SUPER FUND A/C>	160,000	1.000
RADESHARPTYLTD	154,000	0.962
<b>Total</b>	<b>8,624,401</b>	<b>53.891</b>

All 16,003,559 Ordinary Shares in the Company are listed on the National Stock Exchange (NSX).

Substantial shareholders are as shown in the table above.

There are no unmarketable parcels.

**SHAREHOLDER INFORMATION****Distribution of Equities - Unquoted Fully Paid 'B' Class Shares**

Number of Shares Held	Total Holders	Number of Units	%
1-1,000	0	0	0.000
1,001-5,000	2	10,000	0.514
5,001-10,000	32	262,000	13.476
10,001-100,000	43	1,110,767	57.130
100,001-99,999,999,999	4	561,500	28.880
<b>Totals</b>	<b>81</b>	<b>1,944,267</b>	<b>100.000</b>

**Twenty Largest Security Holders – B Class Shares**

Name	Number Held	% of Issued Shares
CUTHBERT SUPERANNUATION PTY LTD <THE CUTHBERT SUPER FUND A/C>	201,100	10.343
RADESHAR PTY LTD	160,000	8.229
ALEXANDER ADMINISTRATION PTY LTD <SUPER FUND A/C>	111,500	5.735
MR KENNETH LAMBERT & MRS BRENDA ELAINE WYLDE <KEL SUPER FUND A/C>	110,000	5.658
NATTIA PTY LTD <SIT BACK & RELAX S/F A/C>	73,600	3.785
MR JOHN OUTHRED & MRS LUCEILLE OUTHRED <JOLU SUPER FUND A/C>	64,000	3.292
R ELLIOTT & ASSOCIATES PTY LTD <T J CREASY SUPER FUND A/C>	50,000	2.572
MR JOHN OUTHRED <JOLU SUPER FUND A/C>	48,000	2.469
GOGIA HOLDINGS PTY LTD	45,000	2.314
PENINSULA DISCOUNTS PTY LTD <LYNIAN SUPER FUND A/C>	41,667	2.143
MR KEVIN JAMES SOPER <DIGISLIDE SUPER FUND A/C>	40,000	2.057
MS LUCEILLE OUTHRED <JOLU SUPER FUND A/C>	40,000	2.057
SABBAT PTY LIMITED <SUPERANNUATION FUND A/C>	32,000	1.646
MS JENNIFER BARRACK <BARRACK SUPER FUND A/C>	32,000	1.646
T & C BRISTOW-STAGG PTY LTD<BRISTOW-STAGG SUPER FUND A/C>	32,000	1.646
MR PRAVEEN KUMAR MANAKTALA	28,000	1.440

MR COLIN JOHNSTON <SUPER FUND A/C>		24,000	1.234
IAN LITTLE & SUZANNE LITTLE & CHRISTOPHER LITTLE <THE LITTLE FAMILY S/F A/C>		24,000	1.234
MS MICHELLE LOUISE RAMSAY <RAMJET ASSORTMENTS S/F A/C>		24,000	1.234
PAUL RAYE & ASSOCIATES PTY LTD <DCS SUPER FUND A/C>		24,000	1.234
KEMOC PTY LTD <THE LAUGHTON SUPER FUND A/C>		24,000	1.234
MR MALCOLM MCLEOD & MRS LISA MCLEOD <CLAN SUPER FUND A/C>		24,000	1.234
MR DAVID CRAGGS <CRAGGS FAMILY SUPER FUND A/C>		24,000	1.234
REGAL APARTMENTS PTY LTD <P & E RANKIN SUPER FUND A/C>		24,000	1.234
MR GARY KURZER & MS VIRGINIA AGHAN <BIG FEATS SUPER FUND A/C>		24,000	1.234
<b>Total</b>		<b>1,324,867</b>	<b>68.142</b>

Substantial shareholders are as shown in the table above.

There are no unmarketable parcels.

'B' class shares cannot be traded on the National Stock Exchange.

## SHAREHOLDER INFORMATION

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### Voting Rights

The voting attaching to each class of equity securities is set out below:

#### Ordinary Shares

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote;
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for a share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

#### B Class Shares

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote;
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for a share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.