

BBX Property Investment Fund Limited ABN 17 118 847 108

Interim Financial Report

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2009.

Directors

The names of directors who held office during or since the end of the half-year:

Michael Touma

Barry Dawes

Tim Creasy

Simon Touma (resigned 17/3/2010)

Carolyn Macdonald

Review of Operations

The consolidated loss of the consolidated group for the half year after providing for income tax and eliminating minority equity interests amounted to \$4,007,353.

Auditor's Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 2 for the half-year ended 31 December 2009.

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

Dated this 7th

Day April

2010

Director

Michael Touma



**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 half-year ended 31 December 2009, there have been:

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

Robert Nielson Partners



Robert Nielson

Date 7 April 2010

BBX Property Investment Fund Limited ABN 17 118 847 108**Interim Financial Report****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR HALF-YEAR ENDED 31
DECEMBER 2009**

	Consolidated Group	
	31.12.2009	31.12.2008
	\$	\$
Revenue	134,125	108,487
Management Fee	-	(23,963)
Interest Paid	(152,423)	(109,570)
Directors Fee	(123,328)	(83,629)
Share Registration Fee	(19,757)	(20,862)
Impairment of Trade Dollars	(3,743,305)	-
Other Expenses	(102,665)	(46,839)
Loss before income tax	(4,007,353)	(176,376)
Income tax expense	-	-
Loss from Continuing Operations	(4,007,353)	(176,376)
Loss for the period	(4,007,353)	(176,376)
Other comprehensive income	-	-
Total comprehensive income for the period	(4,007,353)	(176,376)
Earnings per Share		
Basic earnings per share (cents per share)	(22.33)	(1.34)
Diluted earnings per share (cents per share)	(22.33)	(1.34)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Note	Consolidated Group	
		31.12.2009	30.06.2009
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		255,683	375,413
Trade and other receivables		150,500	(124,959)
Trade dollar account		8,734,378	12,673,571
Other current assets		196,450	1,019
TOTAL CURRENT ASSETS		<u>9,337,011</u>	<u>12,925,044</u>
NON-CURRENT ASSETS			
Trade and other receivables		-	280,726
Investment property		6,914,947	6,914,947
TOTAL NON-CURRENT ASSETS		<u>6,914,947</u>	<u>7,195,673</u>
TOTAL ASSETS		<u><u>16,251,958</u></u>	<u><u>20,120,716</u></u>
CURRENT LIABILITIES			
Trade and other payables		31,542	12,708
TOTAL CURRENT LIABILITIES		<u>31,542</u>	<u>12,708</u>
NON-CURRENT LIABILITIES			
Financial liabilities		4,397,130	4,401,636
TOTAL NON-CURRENT LIABILITIES		<u>4,397,130</u>	<u>4,401,636</u>
TOTAL LIABILITIES		<u>4,428,672</u>	<u>4,414,344</u>
NET ASSETS		<u><u>11,823,286</u></u>	<u><u>15,706,372</u></u>
EQUITY			
Issued capital		16,865,555	16,741,288
Accumulated losses		(5,042,269)	(1,034,916)
TOTAL EQUITY		<u><u>11,823,286</u></u>	<u><u>15,706,372</u></u>

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STATEMENT OF CHANGES IN EQUITY FOR HALF YEAR ENDED 31 DECEMBER 2009

	Share Capital Ordinary	Retained Profits	Total
	\$	\$	\$
Balance at 30.06.2009	16,741,288	(1,034,916)	15,706,372
Balance at 1.7.2009	16,741,288	(1,034,916)	15,706,372
Share issued during the period	124,267		124,267
Loss attributable to members of entity		(4,007,353)	(4,007,353)
Balance at 31.12.2009	16,865,555	(5,042,269)	11,823,286
 Balance at 30.06.2008	 14,641,853	 (649,407)	 13,992,446
Balance at 1.7.2008	14,641,853	(649,407)	13,992,446
Share issued during the period	1,666,655	-	1,666,655
Loss attributable to members of entity		(208,841)	(208,841)
Balance at 31.12.2008	16,308,508	(858,248)	15,450,260

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated Group	
	31.12.2009	31.12.2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	118,504	158,692
Payments to suppliers and employees	(152,931)	(298,244)
Interest received	3,203	12,682
Borrowing costs	(122,371)	(199,586)
Net cash (provided)/used by operating activities	<u>(153,595)</u>	<u>(326,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	<u>-</u>	<u>138,225</u>
Net cash provided by investing activities	<u>-</u>	<u>138,225</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	35,017	252,925
Proceeds from borrowings	133,382	22,069
Repayment of borrowings	(122,590)	747
Net cash (provided)/used by operating activities	<u>45,809</u>	<u>275,741</u>
Net increase/(decrease) in cash held	<u>(107,786)</u>	<u>87,510</u>
Cash at beginning of period	<u>517,579</u>	<u>430,069</u>
Cash at end of period	<u><u>409,793</u></u>	<u><u>517,579</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1: BASIS OF PREPARATION

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issued Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by BBX Property Investment Fund during the half-year in accordance with continuous disclosure requirements arising under the *Corporation Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year 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.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2009 financial report.

Accounting Standards not previously applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of income statement with statement of comprehensive income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the statement of changes in equity;
- the adoption of the separate income statement/single statement approach to the presentation of the statement of comprehensive income;
- other financial statements are renamed in accordance with the Standard.

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NOTE 2: BALANCES DENOMINATED IN BBX TRADE DOLLARS

The following assets are denominated in BBX Trade Dollars	31/12/2009	31/12/2008
Other Current Assets		
Deposit on purchase of Property	<u>196,450</u>	<u>505,300</u>
Other Financial Assets – Non Current		
Barter IT (Barter Trade Exchange Account)	465,567	10,508,676
Barter IT (Barter Share Issue Account)	12,012,116	1,238,600
Less: Impairment of Trade dollars	<u>(3,743,305)</u>	<u>Nil</u>
	<u>8,734,378</u>	<u>11,747,276</u>
	<u>8,930,828</u>	<u>12,252,576</u>

The BBX Trade dollar balances have been impaired on the basis that each BBX Trade dollar has an equivalent cash value of \$0.70 as calculated by Grant Thornton in their independent experts' report in relation a buy back undertaken by BBX Holdings Limited. Details of this report are available on the BBX Holdings web site.

NOTE 3: ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There are no acquisitions or disposals during the period.

NOTE 4: PROFIT FROM ORDINARY ACTIVITIES

All significant revenue and expense items for the periods are disclosed on the face of the income statement.

NOTE 5: SEGMENT INFORMATION

The entity operates in one business segment, being the management of the BBX Property Investment Fund in Australia.

NOTE 6: CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2009

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

No significant matters have arisen since the end of the half-year.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 8 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date.
2. In the directors' 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.

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

Director



Michael Touma

Dated this day of 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
BBX PROPERTY INVESTMENT FUND LIMITED AND CONTROLLED ENTITY**

Report on the Half-Year Financial Report

We have reviewed the accompanying half year consolidated financial report of BBX Property Investment Fund Limited ('the consolidated entity'), which comprises the condensed statement of financial position as at 31 December 2009, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors' of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the consolidated entity for the half-year ended 31 December 2009 included on the website of BBX Property Investment Fund Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

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

Qualification

The Statement of Comprehensive Income includes an impairment charge of \$3,743,305 relating the value of BBX Trade dollars held by the consolidated entity at 31 December 2009. The methodology on which this impairment charged is based is set out in Note 2.

We disagree with the methodology used. We consider that the value of \$0.70 cash calculated by an independent expert in relation to a buy back undertaken by BBX Holdings Limited is inappropriate because:-

The valuation sought to provide a cash equivalent for the purpose of assessing the worth of consideration offered in the buy back. It did not consider the on-going value of the BBX Trade dollars to purchase goods and services.

The consolidated entity has no intention of converting the BBX Trade dollar values into cash and therefore the imputed cash value is not relevant. It is probable that such a cash conversion would be impossible

We have prepared alternative calculations of fair value of the BBX Trade dollar balances based on the likely future ability of the consolidated entity to utilise BBX Trade dollars to purchase goods and services. In our opinion the fair value of the BBX Trade dollar balances held by the consolidated entity at 31 December 2009 is in the range of \$1,410,000 to \$2,620,000 which would result in an impairment charge in the range of \$11,039,103 to \$9,829,103.

Qualified Conclusion

Based on our review, which is not an audit, and except for the matter referred to in the qualification paragraph above, we have not become aware of any matter that makes us believe that the half-year consolidated financial report of BBX Property Investment Fund Limited is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

Robert Nielson Partners



Robert Nielson

Dated 7 April 2010