

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2010

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Revenue from ordinary activities	318,441	297,511	232,318	201,198
Other income	6,558	18,815	6,558	18,815
Directors fee	(140,827)	(168,470)	(140,827)	(168,470)
Share registration expense	(29,733)	(26,058)	(29,733)	(26,058)
Management fee	(15,922)	(43,148)	(15,922)	(43,148)
Interest paid	(321,257)	(344,799)	(178,236)	(181,520)
Impairment of trade dollars	(3,866,148)	-	(3,846,404)	-
Unrealised loss on revaluation of share investments	-	-	(122,589)	(254,140)
Other expenses	(217,810)	(119,361)	(171,863)	(89,826)
Profit /(Loss) before income tax	(4,266,698)	(385,509)	(4,266,698)	(543,149)
Income tax expense relating to ordinary activities		-	-	-
Profit/(Loss) for the year	(4,266,698)	(385,509)	(4,266,698)	(543,149)
Other comprehensive income				
Total comprehensive income for the year	(4,266,699)	(385,509)	(4,266,699)	(543,149)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	Economic Entity		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2	82,897	375,413	62,733	347,763
Trade and other receivables	3	-	19,235	-	19,235
Other financial assets	7	9,054,345	12,673,571	9,008,276	12,673,571
Other current assets	4	100,650	1,019	100,650	733
TOTAL CURRENT ASSETS		<u>9,237,893</u>	<u>13,069,238</u>	<u>9,171,659</u>	<u>13,041,302</u>
NON-CURRENT ASSETS					
Cash and cash equivalents	2	227,131	-	227,131	-
Trade and other receivables	8	80,001	280,726	80,001	12,272
Investment property	5	6,884,423	6,914,947	4,670,480	4,693,885
Financial assets	6	-	-	173,371	295,960
TOTAL NON-CURRENT ASSETS		<u>7,191,555</u>	<u>7,195,673</u>	<u>5,150,984</u>	<u>5,002,117</u>
TOTAL ASSETS		<u>16,429,448</u>	<u>20,264,911</u>	<u>14,322,643</u>	<u>18,043,419</u>
CURRENT LIABILITIES					
Trade and other payables	8	25,775	12,708	18,941	12,708
TOTAL CURRENT LIABILITIES		<u>25,775</u>	<u>12,708</u>	<u>18,941</u>	<u>12,708</u>
NON-CURRENT LIABILITIES					
Trade and other payables	8	-	144,194	123,551	144,194
Financial liabilities	9	4,409,565	4,401,636	2,186,043	2,180,144
TOTAL NON-CURRENT LIABILITIES		<u>4,409,565</u>	<u>4,545,830</u>	<u>2,309,594</u>	<u>2,324,338</u>
TOTAL LIABILITIES		<u>4,435,340</u>	<u>4,558,538</u>	<u>2,328,535</u>	<u>2,337,046</u>
NET ASSETS		<u>11,994,108</u>	<u>15,706,372</u>	<u>11,994,108</u>	<u>15,706,373</u>
EQUITY					
Issued capital	10	17,295,722	16,741,288	17,295,722	16,741,288
Accumulated (losses)		<u>(5,301,614)</u>	<u>(1,034,916)</u>	<u>(5,301,614)</u>	<u>(1,034,916)</u>
TOTAL EQUITY		<u>11,994,108</u>	<u>15,706,372</u>	<u>11,994,108</u>	<u>15,706,372</u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

Economic Entity	Note	Share Capital Ordinary	Accumulated Losses	Total
		\$	\$	\$
Balance at 1.7.2008		14,641,853	(649,407)	13,992,446
Shares issued during the year				
		2,187,650	-	2,187,650
Cost of share issue				
		(88,215)	-	(88,215)
Loss for the year				
		-	(385,509)	(385,509)
Balance at 30.6.2009		16,741,288	(1,034,916)	15,706,372

Parent Entity	Note	Share Capital Ordinary	Accumulated Losses	Total
		\$	\$	\$
Balance at 1.7.2008		14,641,853	(491,767)	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				
		-	(543,149)	(543,149)
Balance at 30.6.2009		16,741,288	(1,034,916)	15,706,373

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

Economic Entity	Note	Share Capital Ordinary	Accumulated Losses	Total
		\$	\$	\$
Balance at 1.7.2009		16,741,288	(1,034,916)	15,706,372
Shares issued during the year		554,434	-	554,434
Loss for the year		-	(4,266,698)	(4,266,698)
Balance at 30.6.2010		17,295,722	(5,301,614)	11,994,108

Parent Entity	Note	Share Capital Ordinary	Accumulated Losses	Total
		\$	\$	\$
Balance at 1.7.2009		16,741,288	(1,034,916)	15,706,372
Shares issued during the year		554,434		554,434
Loss for the year			(4,266,698)	(4,266,698)
Balance at 30.6.2010		17,295,722	(5,301,614)	11,994,108

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2010

	Note	Economic Entity		Parent Entity	
		2010	2009	2010	2009
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		239,203	297,511	83,417	201,198
Payments to suppliers and employees		(216,323)	(481,247)	(179,982)	(340,211)
Interest received		6,558	18,815	6,558	18,815
Finance costs		(301,590)	(360,552)	(188,921)	(184,178)
Net cash used by operating activities	19a	(272,152)	(525,473)	(278,928)	(304,376)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		-	(79,122)	-	(77,389)
Net cash used by investing activities		-	(79,122)	-	(77,389)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		149,767	546,150	149,767	46,150
Repayment of borrowings		(157,882)		(130,828)	
Proceeds from borrowings		214,882	3,788	202,090	264,026
Net cash provided by financing activities		206,767	549,938	221,029	310,176
Net increase/(decrease) in cash held		(65,385)	(54,657)	(57,899)	(71,590)
Cash at 1 July		375,413	430,070	347,763	419,353
Cash at 30 June		310,028	375,413	289,864	347,763

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

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.

(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

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

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 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 2: Cash and cash equivalents

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
CURRENT				
Cash at bank and in hand	82,897	375,413	62,733	347,763
	<u>82,897</u>	<u>375,413</u>	<u>62,733</u>	<u>347,763</u>
NON CURRENT				
Cash at bank and in hand	227,131	-	227,131	-
	<u>227,131</u>	<u>-</u>	<u>227,131</u>	<u>-</u>

Note 3: Trade and other receivable

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
CURRENT				
Trade debtors	-	19,235	-	19,235
	<u>-</u>	<u>19,235</u>	<u>-</u>	<u>19,235</u>
NON CURRENT				
Other related entities	80,001	280,726	80,001	12,272
	<u>80,001</u>	<u>280,726</u>	<u>80,001</u>	<u>12,272</u>

Note 4: Other current assets

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Deposits	100,650	-	100,650	-
Public listing cost	-	-	-	-
GST receivables	-	286	-	-
Other	-	733	-	733
	<u>-</u>	<u>733</u>	<u>-</u>	<u>733</u>
	<u>100,650</u>	<u>1,019</u>	<u>100,650</u>	<u>733</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 5: Investment property

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
Balance at beginning of year	6,914,947	6,914,947	4,693,885	4,693,885
Amortisation of borrowing costs	(30,524)		(23,405)	-
Balance at end of year	<u>6,884,423</u>	<u>6,914,947</u>	<u>4,670,480</u>	<u>4,693,885</u>
Rental income received from investment properties	318,441	297,511	232,318	201,198
Direct operating expenses of investment properties	102,052	69,024	77,075	52,796

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 6: Financial assets

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
a. Available-for-sale Financial Assets				
Comprise				
Shares in related parties, at cost	-	-	550,100	550,100
Accumulated impairment	-	-	(376,729)	(254,140)
Total available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>173,371</u>	<u>295,960</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Note 7: Other financial assets/liabilities

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
OTHER FINANCIAL ASSETS				
Barter IT (Barter Trade Exchange Account)	12,920,493	12,673,571	12,854,679	12,673,571
Accumulated impairment	<u>(3,866,148)</u>		<u>(3,846,404)</u>	
	<u>9,054,345</u>	<u>12,673,571</u>	<u>9,008,275</u>	<u>12,673,571</u>

The above assets and liabilities are denominated in BBX Trade Dollars

Note 8: Trade and other payables

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
CURRENT				
Sundry payables and accrued expense	<u>80,001</u>	<u>12,708</u>	<u>80,001</u>	<u>12,708</u>
	<u>80,001</u>	<u>12,708</u>	<u>80,001</u>	<u>12,708</u>
NON CURRENT				
Other related entities	<u>-</u>	<u>144,194</u>	<u>123,551</u>	<u>144,194</u>
	<u>-</u>	<u>144,194</u>	<u>123,551</u>	<u>144,194</u>

Note 9: Financial liabilities

	Economic Entity		Parent Entity	
	2010	2009	2010	2009
	\$	\$	\$	\$
NON CURRENT				
Bank loans	<u>4,409,565</u>	<u>4,401,636</u>	<u>2,186,043</u>	<u>2,180,144</u>
	<u>4,409,565</u>	<u>4,401,636</u>	<u>2,186,043</u>	<u>2,180,144</u>

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 2010

Note 10: Share capital

	2010	2009	2010	2009
	\$	\$	\$	\$
16,844,059 Fully paid ordinary shares (2009 11,969,256 share)	16,844,059	11,969,256	16,844,059	11,969,256
Cost of issuing ordinary shares	(461,127)	(231,352)	(461,127)	(231,352)
1,373,917 Fully paid B Class shares (2009 5,234,736)	1,373,917	5,234,736	1,373,917	5,234,736
Cost of issuing B Class shares	(461,127)	(231,352)	(461,127)	(231,352)
	<u>17,295,722</u>	<u>16,741,288</u>	<u>17,295,722</u>	<u>16,741,288</u>

	2010	2009	2010	2009
	No.	No.	No.	No.
a. Ordinary shares				
At the beginning of reporting period	11,969,256	5,283,950	11,969,256	5,283,950
Shares issued during the year				
— at \$1 each	305,417	488,900	305,417	492,900
— convert from B class share	4,569,386	6,196,406	4,569,386	6,196,406
b. B class shares				
At the beginning of reporting period	5,234,736	10,299,092	5,234,736	10,147,542
Shares issued during the year				
— at \$1 each	708,567	1,132,050	708,567	1,132,050
— convert to A class share	(4,569,386)	(6,196,406)	(4,569,386)	(6,196,406)
At reporting date	<u>18,217,976</u>	<u>17,203,992</u>	<u>18,217,976</u>	<u>17,052,442</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.