

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 2011.

Directors

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

Michael Touma

Barry Dawes

Tim Creasy

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 \$96,344.

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 2011.

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

Director

Michael Touma

Dated 12/03/2012

**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 2011, 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

Dated this 12 March 2012

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR HALF-YEAR ENDED 31
DECEMBER 2011**

	Consolidated Group	
	31.12.2011	31.12.2010
	\$	\$
Revenue	95,279	134,292
Interest Paid	(149,966)	(171,556)
Loss on sale of properties	-	(105,669)
Directors Fee	(2,167)	(21,165)
Share Registration Fee	(23,689)	(23,697)
Gain/(Loss) on revaluation of property	95,783	(188,876)
Impairment of Trade Dollars	(18,986)	(46,277)
Other Expenses	(92,598)	(106,174)
Loss before income tax	(96,344)	(529,123)
Income tax expense	-	-
Loss from Continuing Operations	(96,344)	(529,123)
Loss for the period	(96,344)	(529,123)
Other comprehensive income	-	-
Total comprehensive income for the period	(96,344)	(529,123)
Earnings per Share		
Basic earnings per share (cents per share)	(0.52)	(2.90)
Diluted earnings per share (cents per share)	(0.52)	(2.90)

These reviewed financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

		Consolidated Group	
	Note	31.12.2011	30.06.2011
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		119,113	242,868
Trade and other receivables		40,254	113,612
Land & buildings		4,586,160	4,489,623
Intangible Assets		9,198,608	9,154,309
TOTAL CURRENT ASSETS		13,944,135	14,000,412
TOTAL ASSETS		13,944,135	14,000,412
CURRENT LIABILITIES			
Trade and other payables		142,377	104,018
Financial liabilities		3,177,917	3,176,169
TOTAL CURRENT LIABILITIES		3,320,254	3,280,187
TOTAL LIABILITIES		3,320,254	3,280,187
NET ASSETS		10,623,881	10,720,225
EQUITY			
Issued capital		17,318,122	17,318,122
Accumulated losses		(6,694,241)	(6,597,897)
TOTAL EQUITY		10,623,881	10,720,225

These reviewed financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR HALF YEAR ENDED 31 DECEMBER 2011

	Share Capital Ordinary	Accumulated Losses	Total
	\$	\$	\$
Balance at 30.06.2011	17,318,122	(6,597,897)	10,720,225
Share issued during the period	-	-	-
Loss attributable to members of entity	-	(96,344)	(96,344)
Balance at 31.12.2011	17,318,122	(6,694,241)	10,623,881
 Balance at 30.06.2010	 17,295,722	 (5,261,291)	 12,034,431
Share issued during the period	22,400	-	22,400
Loss attributable to members of entity	-	(529,123)	(529,123)
Balance at 31.12.2010	17,318,122	(5,790,414)	11,527,708

These reviewed financial statements should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated Group	
	31.12.2011	31.12.2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	91,160	254,728
Payments to suppliers and employees	(65,719)	(221,763)
Interest received	2,194	3,508
Borrowing costs	(151,391)	(95,885)
Net cash (provided)/used by operating activities	<u>(123,755)</u>	<u>(59,412)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of non-current assets	<u>-</u>	<u>1,564,000</u>
Net cash provided by investing activities	<u>-</u>	<u>1,564,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	2,400
Proceeds from borrowings	-	99,500
Repayment of borrowings	<u>-</u>	<u>(1,472,854)</u>
Net cash (provided)/used by operating activities	<u>-</u>	<u>(1,370,954)</u>
Net increase/(decrease) in cash held	<u>(123,755)</u>	<u>133,634</u>
Cash at beginning of period	<u>242,868</u>	<u>310,028</u>
Cash at end of period	<u><u>119,113</u></u>	<u><u>443,663</u></u>

Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

NOTE 1: BASIS OF PREPARATION

This general purpose interim financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2000*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by BBX Property Investment Fund Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis

Classification of Assets

All assets have been classified as Current as the Directors of the Company have resolved to realise all assets, repay all liabilities and wind up the Company within the next 6 months.

Going Concern

The Company has passed a resolution to begin the orderly realisation of Company assets and the eventual distribution of capital. As such, the going concern basis of accounting has not been applied and all assets have been valued at their estimated net realisable value.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2011 financial report.

New Accounting Standards

Certain new accounting standards and interpretations have been published that are mandatory for financial period beginning on or after 30 June 2011 reporting periods. The impact of these new standards and interpretations is set out below.

(i) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the amended standard from 1 July 2011. with the application of these amendments, the group is required to disclose any transactions between its subsidiaries and its associates. The application of the standard has had no impact on any of the amounts recognised in the financial statements.

Impact of standards issued but not yet applied by the entity

(i) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. BBX Property Investment Fund is listed on the NSX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

BBX Property Investment Fund Limited ABN 17 118 847 108**Interim Financial Report****NOTE 2: BALANCES DENOMINATED IN BBX TRADE DOLLARS**

The following assets are denominated in BBX Trade Dollars	31/12/2011	30/06/2011
Intangible Assets		
Barter IT (Barter Share Issue Account)	688,567	688,567
Barter IT (Barter Trade Exchange Account)	12,386,488	12,323,203
Barter IT (BBX Residential Account)	65,814	65,814
Less: Impairment of Trade dollars	(3,942,261)	(3,923,275)
	<u>9,198,608</u>	<u>9,154,309</u>

The following Profit and Loss items are denominated in BBX Trade Dollars	31/12/2011	31/12/2010
INCOME		
Rent Income-Commercial	Nil	30,000
EXPENDITURE		
Agent Fee	Nil	5,386
Bank Charges	10,650	Nil
Valuation	Nil	7,007
Total	<u>10,650</u>	<u>12,393</u>

The Directors of the Company have decided to impair the trade dollar assets as intangible assets with an indefinite useful life. They have adopted a degree of impairment that reflects the upper limit of the valuation placed on BBX trade dollars in the Grant Thornton Report, prepared for the directors of BBX Holdings Ltd in early 2010. That report has been lodged with the Australian Stock Exchange and can be viewed at their website www.asx.com.au in full under the code BBX.

This impairment charge does not effect the trade dollar balance in the BBX accounts.

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 and in one geographical area, being the management of the BBX Property Investment Fund in NSW.

NOTE 6: CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2011

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NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

The following sale of properties have been settled subsequent to balance date:

19/30 Hythe Street, Mount Druitt	08/02/2012	\$215,000
20/30 Hythe Street, Mount Druitt	07/02/2012	\$225,000

The contract for the sale of land for the following property has been exchanged but not yet settled subsequent to balance date:

15/2 Willison Road, Carlton	\$452,000
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The net sale proceeds received, or to be received, are in excess of the carrying value of the properties. The proceeds of it have/will be used to repay existing debts to financial institutions.

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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 2011 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 12/03/2012

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of BBX Property Investment Fund Limited and controlled entities ('the consolidated company'), which comprises the consolidated condensed statement of financial position as at 31 December 2011, consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors' of BBX Property Investment Fund Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatements, whether due to fraud or error.

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 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 BBX Property Investment Fund Limited and controlled entities financial position as at 31 December 2011 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 BBX Property Investment Fund Limited and controlled entities, 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 BBX Property Investment Fund Limited and controlled entities for the half-year ended 31 December 2011 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 inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BBX Property Investment Fund Limited and controlled entities on 31 December 2011, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

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

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- ii. complying with AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

Going Concern and Asset Values

Without modification to our opinion expressed above, attention is drawn to the following matters.

Orderly Realisation of Assets

On 2 September 2011, a resolution was passed at an extraordinary general meeting that authorised the directors to conduct an orderly realisation of the group's assets and distribute the proceeds to shareholders within a period of 6 months. These financial statements have been impacted by this resolution in the following ways:-

(a) Going Concern

As set out in Note 1 the going concern assumption has not been applied. All assets and liabilities have been stated at the directors' estimates of their net realisable value

(b) Classification of Assets and Liabilities

All assets are expected to be realised and all liabilities extinguished within the next 12 months. Therefore all assets and liabilities have been classified as current.

(c) Valuation of Investment Properties

The following land and buildings held for sale have been stated at independent valuation dated 7 July 2010 less estimated costs of disposal. The final net proceeds on sale of these properties is unknown and may be higher or lower than the valuation

- Factory 10/8 Wainwright Road Mt Druitt valued at \$475,000
- Factory 11/8 Wainwright Road Mt Druitt valued at \$475,000

BBX Trade Dollars

BBX Trade Dollars are stated at a value of 70% of Australian dollars which is consistent with prior years.

On 2 September 2011, the Directors were authorised to distribute this asset to shareholders for no consideration by way of return of capital or similar.

We note that the value of BBX Trade Dollars in the hands of individual shareholders will depend on the circumstances of each shareholder, in particular whether they are a member of the BBX Trade Exchange.

The final net realisable value of this asset is therefore unknown.

Robert Nielson Partners

A handwritten signature in black ink, appearing to be 'RN' followed by a long horizontal stroke.

Robert Nielson

Dated 12 March 2012