

APPENDIX 4E
PRELIMINARY FINAL REPORT TO THE NATIONAL STOCK
EXCHANGE OF AUSTRALIA

Name of Entity	BBX Property Investment Fund Ltd
ABN	17 118 847 108
Year ended	30 June 2012
Previous corresponding period	30 June 2011

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		\$'000		\$'000
Revenue from ordinary activities (continuing)	Down 34% from	238	To	159
(Loss) from ordinary activities after tax attributable to members	Down 73% from	(1,337)	To	(363)
Net (Loss) for the period attributable to members	Down 73% from	(1,337)	To	(363)

Explanation of Revenue

The loss from ordinary activities before income tax expense includes the following revenue whose disclosures is relevant in explaining the financial performance of the entity:

	Year Ended 30 June 2012 \$000	Year Ended 30 June 2011 \$000
Revenues from continuing operations		
Rental Income	159	238
Other Income	-	1
Interest Received	3	8
	<u>162</u>	<u>247</u>

Explanation of results

During the year, there was a loss of \$362,993 (2011: Loss \$1,336,607). This was due to revaluation of properties of \$95,783 upwards (2011: \$810,678 downwards).

The result for the year is in line with management and Board expectations.

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary security (basic)	\$0.160	\$0.272
Net tangible assets per ordinary security (diluted)	\$0.160	\$0.272

Other Matters

There have been no entities over which control has been gained or lost during the period.

There are no associates or joint ventures included within the accounts of BBX Property Investment Fund Ltd.

Audit of financial reports

The report is based on accounts which are in the process of being audited.

Carolyn MacDonald
Company Secretary
13 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group	
		2012	2011
		\$	\$
Revenue from ordinary activities	2	159,195	238,247
Other income	2	3,182	8,579
Directors fee		(2,167)	(50,663)
Auditors remuneration	4	(20,800)	(19,150)
Share registration expense		(30,084)	(28,775)
Management fee		(47,200)	(11,953)
Loss on sale of property		(90,271)	(104,669)
Interest paid		(271,696)	(320,772)
Impairment of trade dollars		(15,243)	(66,927)
Other expenses		(143,692)	(169,846)
Profit /(Loss) before income tax		(458,776)	(525,929)
Income tax expense relating to ordinary activities		-	-
Profit/(loss) for the year		(458,776)	(525,929)
Other comprehensive income		95,783	(810,678)
Total comprehensive income for the year		(362,993)	(1,336,607)
Earnings per share			
Overall operations:			
Basic earnings per share (cents)	5	(0.02)	(0.07)
Diluted earnings per share (cents)	5	(0.02)	(0.07)

The accompanying notes form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	Consolidated Group	
		2012	2011
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	676,354	242,868
Trade and other receivables	7	42,228	113,612
Land & buildings held for sale	8	2,201,900	4,489,623
Intangible assets	9	9,189,875	9,154,309
TOTAL CURRENT ASSETS		12,110,357	14,000,412
TOTAL ASSETS		12,110,357	14,000,412
CURRENT LIABILITIES			
Trade and other payables	10	181,821	104,018
Financial liabilities	11	1,571,304	3,176,169
TOTAL CURRENT LIABILITIES		1,753,125	3,280,187
TOTAL LIABILITIES		1,753,125	3,280,187
NET ASSETS		10,357,232	10,720,225
EQUITY			
Issued capital	12	17,318,122	17,318,122
Accumulated Profit/(losses)		(6,960,890)	(6,597,897)
TOTAL EQUITY		10,357,232	10,720,225

The accompanying notes form part of these accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Consolidated Entity	Share Capital Ordinary	Accumulated Losses	Total
	\$	\$	\$
Balance at 30.6.2010	17,295,722	(5,261,291)	12,034,431
Shares issued during the year	22,400	-	22,400
Loss for the year	-	(1,336,607)	(1,336,607)
Balance at 30.6.2011	17,318,122	(6,597,897)	10,720,225
Loss for the year	-	(362,993)	(362,993)
Balance at 30.6.2012	17,318,122	(6,960,890)	10,357,232

The accompanying notes from part of these accounts.

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group	
		2012	2011
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		156,953	342,856
Payments to suppliers and employees		(169,114)	(335,000)
Interest received		3,001	8,297
Finance costs		(287,652)	(143,770)
Net cash used by operating activities		(296,812)	(127,617)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of property, plant and equipment		730,298	1,564,000
Net cash used by investing activities		730,298	1,564,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	7,400
Repayment of borrowings		-	(1,670,444)
Proceeds from borrowings		-	159,500
Net cash provided by financing activities		-	(1,503,544)
Net increase/(decrease) in cash held		433,486	(67,161)
Cash as at 1 July 2011	6	242,868	310,028
Cash as at 30 June 2012	6	676,354	242,868

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 accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of BBX Property Investment Fund Limited and Controlled entities.

The separate financial statements of the parent entity BBX Property Investment Fund Limited have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue by the directors of the company.

Basis of Preparation

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

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The group has completed various transactions denominated in BBX trade dollars during the year. Certain assets and liabilities at year end are recorded in BBX trade dollars. These transactions and balances have been converted on the basis of one BBX trade dollar for one Australian dollar.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

A controlled entity is any entity over which BBX Property Investment Fund Ltd has the power to govern the financial and operating policies of so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year-end.

At reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, 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.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the consolidated Statement of Comprehensive Income.

(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 income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 consolidated group 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) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. *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 subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

iii. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iv. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 assesses 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 impairment has arisen. Impairment losses are recognised in the comprehensive income statement.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(d) 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 comprehensive 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.

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(f) Investment Property

Investment property is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined every five years by independent values. Changes to fair value are recorded in the statement of comprehensive income statement as other income.

(g) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(i) BBX Trade Dollars

BBX currency unit adopted by the BBX Exchange in order to pass value between Member's accounts. It has par value with the currency of the country in which the exchange operates, for example, one BBX Trade Dollar (BBX\$) equals one A\$ in Australia and one NZ\$ in New Zealand.

(j) Revenue

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition are added to the cost of those properties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(l) 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.

(m) Comparative Figures

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

(n) Adoption of New and Revised Accounting Standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

(o) Going Concern Basis of Accounting

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.

At this stage, although valuations have been obtained, the final realisable amount of Company assets is unknown.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 17, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

- AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB101, AASB124, AASB134, AASB1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

- (i) for an offer that may be withdrawn – when the employee accepts;
- (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
- (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 2: REVENUE

	Consolidated Group	
	2012	2011
	\$	\$
Ordinary operating activities		
— Rental income	159,195	238,247
Other income		
— Other income	112	282
— interest received	3,070	8,297
	<u>3,182</u>	<u>8,579</u>

NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION

Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Michael Touma	Executive Director
Barry Dawes	Non-Executive Director
Tim Creasy	Executive Director (Resigned 15 June 2012)
Carolin MacDonald	Non-Executive Director

Tim Creasy resigned as Executive Director on 15 June 2012.

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

Key management personnel 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 4: AUDITORS' REMUNERATION

	Consolidated Group	
	2012	2011
	\$	\$
Remuneration of the auditor of the consolidated entity for:		
— auditing or reviewing the financial report	20,800	19,150
	<u>20,800</u>	<u>19,150</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5: EARNINGS PER SHARE

		Consolidated Group	
		2012	2011
		\$	\$
a.	Reconciliation of earnings to profit or loss		
	Profit/(loss)	(362,993)	(1,336,607)
	Profit/(loss) attributable to minority equity interest	-	-
	Earnings used to calculate basic EPS	(362,993)	(1,336,607)
	Earnings used in the calculation of dilutive EPS	(362,993)	(1,336,607)
		No.	No.
b.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	18,217,976	18,217,976

NOTE 6: CASH AND CASH EQUIVALENTS

		Consolidated Group	
		2012	2011
		\$	\$
CURRENT			
	Cash at bank and in hand	676,354	242,868
		676,354	242,868

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2012	2011
	\$	\$
CURRENT		
Rent Receivable	3,830	-
TFN Withholding Tax	894	825
MPS Staff Superannuation Fund	-	75,000
Other related entities	37,504	37,787
	<u>42,228</u>	<u>113,612</u>

NOTE 8: LAND AND BUILDINGS HELD FOR SALE

	Consolidated Group	
	2012	2011
	\$	\$
CURRENT		
Balance at beginning of year	-	-
Reclassification from land held for investment	2,201,900	4,489,623
Balance at end of year	<u>2,201,900</u>	<u>4,489,623</u>
 Rental income received from investment properties	 159,195	 238,246
Direct operating expenses of investment properties	88,206	78,051

The fair value model is applied to all investment properties. Investment properties were independently valued at 7 July 2010. Values are based on an active liquid market value and were performed by a registered independent valuer.

Carrying values have been reduced by estimated expenses of disposal of the properties.

All the investments have been recognised as current as the members have determined that an orderly realisation of the group's assets be implemented within the next 6 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9: INTANGIBLE ASSETS

	Consolidated Group	
	2012	2011
	\$	\$
CURRENT		
Barter IT (Barter Trade Exchange Account)		
Balance at beginning of year	9,154,309	-
Accumulated impairment	35,566	-
Reclassification from non current	-	9,154,309
Balance at end of year	9,189,875	9,154,309

The above assets are denominated in BBX Trade Dollars.

The asset has been classified as current as the going concern basis has not been applied.

The Directors of the Company have also 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.

NOTE 10: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2012	2011
	\$	\$
CURRENT		
Sundry payables and accrued expense	113,579	82,976
Other related entities	68,242	21,042
	181,821	104,018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 11: FINANCIAL LIABILITIES

	Consolidated Group	
	2012	2011
	\$	\$
CURRENT		
Bank loans	1,571,304	3,176,169
	<u>1,571,304</u>	<u>3,176,169</u>

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

NOTE 12: SHARE CAPITAL

	Consolidated Group	
	2012	2011
	\$	\$
18,082,926 Fully paid ordinary shares (2011: 17,728,642)	18,082,926	17,728,642
Cost of issuing ordinary shares	(449,927)	(449,927)
135,050 Fully paid B Class shares (2011: 489,334)	135,050	489,334
Cost of issuing B Class shares	(449,927)	(449,927)
	<u>17,318,122</u>	<u>17,318,122</u>
	No.	No.
a. Ordinary shares		
At the beginning of reporting period	17,728,642	16,844,059
Shares issued during the year		
— at \$1 each	-	-
— convert from B class share	354,284	884,583
At reporting date	<u>18,082,926</u>	<u>17,728,642</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 12 SHARE CAPITAL CONTINUED

		Consolidated Group	
		2012	2011
		No.	No.
b.	B class shares		
	At the beginning of reporting period	489,334	1,373,917
	Shares issued during the year		
—	at \$1 each	-	-
—	convert to A class share	(354,284)	(884,583)
	At reporting date	<u>135,050</u>	<u>489,334</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.

c. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

NOTE 13: CONTROLLED ENTITIES

a. Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2012	2011
Subsidiaries of BBX Property Investment Fund Ltd:			
BBX Residential Pty Ltd	Australia	100%	100%
* Percentage of voting power is in proportion to ownership			

** Percentage of voting power is in proportion to ownership*

NOTE 14: RELATED PARTY TRANSACTIONS

	Consolidated Group	
	2012	2011
	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
(i) Transactions with related parties:		
Associated Companies		
Commercial rental income received from Stock & Asset Management Pty Ltd	-	52,500
Management fees paid to BBX Funds Management Pty Ltd	47,200	11,953
(i) Current account balances with related parties:		
Receivables		
BBX Management No2 Unit Trust	37,503	37,786
Payables		
BBX Funds Management Ltd	68,242	21,042