



**BBX PROPERTY INVESTMENT FUND LIMITED**

**ABN 17 118 847 108**

**ANNUAL REPORT**

**2012 FINANCIAL YEAR**

**CORPORATE DIRECTORY**

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

Principal registered office:	916 Pacific Highway Gordon NSW 2072
Telephone:	+61 (2) 9499 1100
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Email:	bbxpropertyfund@ebbx.com
Web address:	www.ebbx.com
Directors:	Barry Dawes Michael Touma Carolyn Macdonald Tim Creasy(Resigned 15 June 2012)
Secretary:	Carolyn Macdonald
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:	Boardroom Pty Ltd 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
Notice of Annual General Meeting:	28 November 2012.

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## CHAIRMAN'S LETTER

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Dear Shareholder,

As you are aware for the past financial year, directors have realised partial assets of the fund and an initial distribution of \$500,000 in cash and \$10,000,000 in BBX credits back to shareholders was commenced in August 2012.

The directors will on completion of realising the assets and negotiate the sale of the listed shell. The sale proceeds along with the remaining funds if any will further be distributed to all shareholders once again in proportion to shareholding. It is currently envisaged the shell will be sold to a resource or energy company.

Prior to the second distribution of funds, all creditors of the fund including Funds Management and the directors will be cleared. Any shortfalls if any will be met by the directors.

The directors at all times have worked relentlessly to minimise any losses and maximise the asset return to shareholders. The directors believed in the fund and personally guaranteed the bank loans for the benefit of shareholders. The global financial crises and limited borrowing options from Australian Banks have all influenced the decision to realise the assets.

The directors wish all shareholders well.

Yours sincerely,



Michael Touma

Chairman

## **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)

**CORPORATE GOVERNANCE STATEMENT**

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	Yes	
		a majority of independent directors;	No	(3)
		an independent chairperson, who is not chairperson of the board;	No	(3)
		at least three members.	Yes	
	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	
Remunerate fairly and responsibly	8.1	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	
	8.2	The Board should establish a remuneration committee.	No	(2)
	8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	
	8.4	Ensure that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Yes	

**CORPORATE GOVERNANCE STATEMENT**

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- (1) One Director is also a Director of BBX Management Limited ACN 138 311 547 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 2012.

### **Directors**

The following persons were directors of BBX Property Investment Fund Limited during the whole of the financial year and up to the date of this report:

Barry Dawes

Michael Touma

Carolyn MacDonald

Mr Tim Creasy was a director from the beginning of the financial year until his resignation on 15 June 2012.

### **Company Secretary**

Ms Carolyn MacDonald was appointed as Company Secretary on 15 June 2012 and continues in office at the date of this report.

Mr Tim Creasy was Company Secretary from the beginning of the financial year until his resignation on 15 June 2012.

### **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 \$789,793. This amount includes an accounting revaluation adjustment against the carrying value of each property totalling \$331,017 and an accounting impairment charge against the carrying value of BBX trade dollars amounting to \$15,243 without which the company would have recorded a loss of \$443,533. For the last financial year there was a loss of \$1,336,607 and, after accounting revaluation adjustment against the carrying value of each property and allowing for the impairment of trade dollars in that year, was \$459,002.

### **Dividends Paid or Recommended Matters subsequent to the end of the financial year**

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

### **Significant Changes in State of Affairs**

There has been no significant change in the state of affairs of the company since 30 June 2012 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. The Company did not issue a Prospectus for further fundraising

### **Matters subsequent to the end of the financial year**

A distribution of \$500,000 in cash and \$10,000,000 in BBX credits has been paid to shareholders in August 2012.

The property located at 18/30 Hythe Street, Mount Druitt was sold for \$210,000 and settled on 10 September 2012.

The property located at 11/8 Wainwright Road, Mount Druitt was sold for \$285,000 and is due to settle in October 2012.

### **Future Developments**

It is expected that the Company will realise its assets in an orderly manner, repay all creditors and distribute all remaining cash and BBX Trade Dollars to the members.



**DIRECTORS REPORT**

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Information on Directors

Directors in office at the date of this report are:

<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:
	-	Nil
	-	Former Directorships of Listed Entities in last 3 years: BBX Holdings Ltd.
Interest in shares	-	294,326 ordinary shares, M & M Touma Super Fund; 419,942 ordinary shares, BBX Management Pty Ltd; 56,058 ordinary shares Touma Family; 631,071 ordinary shares, WWW.Ebbx.Com Pty Ltd

<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, Superior Coal Limited
	-	Former Directorships of Listed Entities in last 3 years: Uranium Exploration Australia Limited
Interest in Shares	-	2,500 ordinary; Barry Dawes; 5,000 ordinary, Dronkay P/L; Related Entities: 1,022,500,

<b>Carolyn Macdonald</b>	-	Non-Executive Director
Qualifications	-	Certified Trade Broker
Experience	-	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 12 years, she is a Certified Trade broker and a Justice of the Peace for New South Wales.
Other Directorships	-	Current Directorships of Listed Entities
	-	Nil
	-	Former Directorships of Listed Entities in last 3 years: BBX Holdings Ltd.
Interest in shares	-	4,865, Carolyn MacDonald; 86,433 ordinary, S & C Macdonald Superannuation Fund.

## DIRECTORS REPORT

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### REMUNERATION REPORT

The directors are pleased to present your company's 2012 remuneration report which sets out remuneration information for BBX Property Investment Fund Limited's non-executive directors, executive directors and other key management personnel.

#### Remuneration Policy

The Company does not currently employ any person other than the four 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 2011/2012

	Directors' Fees
Tim Creasy	\$2,167

#### Shares under option issued as part of remuneration for the year ended 30 June 2012

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.

#### 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 REPORT**

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**Directors Meetings**

Director	Date Appointed	Board Meetings 01.07.2011 - 30.06.2012	
		Number of Meetings Held	Number of Meetings Attended
Tim Creasy(Resigned 15 June 2012)	17.3.06	2	2
Barry Dawes	17.3.06	2	2
Michael Touma	17.3.06	2	2
Carolyn MacDonald	18.12.07	2	2

**Proceedings on Behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

**Non-audit Services**

No non-audit services have been provided by the auditing firm.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

This report is made in accordance with a resolution of directors.



Carolyn Macdonald – Director



Michael Touma – Director

Gordon

Date: 28 September 2012

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

I declare that to the best of my knowledge and belief, during the year ended 30 June 2012, 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 28 September 2012**



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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR YEAR ENDED 30 JUNE 2012

	Note	<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
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			
Loss on revaluation of investment properties		(331,017)	(810,678)
Total comprehensive income for the year		(789,793)	(1,336,607)
Earnings per share			
Overall operations:			
Basic earnings per share (cents)	5	(0.04)	(0.07)
Diluted earnings per share (cents)	5	(0.04)	(0.07)

The accompanying notes from part of these accounts.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	676,354	242,868
Trade and other receivables	7	42,228	113,612
Land & buildings held for sale	8	1,775,100	4,489,623
Intangible assets	9	9,189,875	9,154,309
<b>TOTAL CURRENT ASSETS</b>		<b>11,683,557</b>	<b>14,000,412</b>
<b>TOTAL ASSETS</b>		<b>11,683,557</b>	<b>14,000,412</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	181,821	104,018
Financial liabilities	11	1,571,304	3,176,169
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,753,125</b>	<b>3,280,187</b>
<b>TOTAL LIABILITIES</b>		<b>1,753,125</b>	<b>3,280,187</b>
<b>NET ASSETS</b>		<b>9,930,432</b>	<b>10,720,225</b>
<b>EQUITY</b>			
Issued capital	12	17,318,122	17,318,122
Accumulated Profit/(losses)		(7,387,690)	(6,597,897)
<b>TOTAL EQUITY</b>		<b>9,930,432</b>	<b>10,720,225</b>

The accompanying notes from part of these accounts.

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

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

Consolidated Entity	Share Capital Ordinary	Accumulated Losses	Total
	\$	\$	\$
Balance at <i>30.6.2010</i>	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 <i>30.6.2011</i>	17,318,122	(6,597,897)	10,720,225
Loss for the year	-	(789,793)	(789,793)
Balance at <i>30.6.2012</i>	17,318,122	(7,387,690)	9,930,432

The accompanying notes from part of these accounts.

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

CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2012

	Note	<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of investment property		2,305,693	1,564,000
Net cash provided by investing activities		2,305,693	1,564,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	7,400
Repayment of borrowings		(1,575,395)	(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.

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**(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.

**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.

**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 valuers. Changes to fair value are recorded in the statement of comprehensive income statement as other comprehensive 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.

**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;

**BBX PROPERTY INVESTMENT FUND LIMITED ABN 17 118 847 108**  
**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.

**BBX PROPERTY INVESTMENT FUND LIMITED ABN 17 118 847 108**  
**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.

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

	<b>Consolidated Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
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:**

<b>Key Management Person</b>	<b>Position</b>
Michael Touma	Executive Director
Barry Dawes	Non-Executive Director
Tim Creasy	Executive Director (Resigned 15 June 2012)
Carolyn MacDonald	Non-Executive Director

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**

	<b>Consolidated Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
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**

		<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
a.	Reconciliation of earnings to profit or loss		
	Profit/(loss)	(789,793)	(1,336,607)
	Profit/(loss) attributable to minority equity interest	-	-
	Earnings used to calculate basic EPS	(789,793)	(1,336,607)
	Earnings used in the calculation of dilutive EPS	(789,793)	(1,336,607)
		<b>No.</b>	<b>No.</b>
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**

		<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
	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**

		<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
Rent Receivable		3,830	-
TFN Withholding Tax		894	825
MPS Staff Superannuation Fund		-	75,000
Related entities	14	37,504	37,787
		<hr/> 42,228	<hr/> 113,612

Trade and other receivables do not contain impaired assets and are not past due.  
The carrying amount of trade and other receivables is assumed to approximate their fair value.

**NOTE 8: LAND AND BUILDINGS HELD FOR SALE**

		<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
Balance at beginning of year		4,489,623	-
Revaluation of property		(331,017)	-
Sale of property		(2,383,506)	-
Reclassification from land held for investment		-	4,489,623
Balance at end of year		<hr/> 1,775,100	<hr/> 4,489,623
Rental income received from investment properties		159,195	238,246
Direct operating expenses of investment properties		88,206	78,051

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.

All properties are valued on the basis of net proceeds on sale realised after balance date or at the directors' estimate of expected sale proceeds.

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

**NOTE 9: INTANGIBLE ASSETS**

		<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
Barter IT (Barter Trade Exchange Account)		13,128,393	-
Accumulated impairment		(3,938,518)	-
Reclassification from non current		-	9,154,309
Balance at end of year		<u>9,189,875</u>	<u>9,154,309</u>
<b>NON CURRENT</b>			
Barter IT (Barter Trade Exchange Account)		-	13,077,584
Accumulated impairment		-	(3,923,275)
Reclassification to current		-	(9,154,309)
Balance at end of year		<u>-</u>	<u>-</u>

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](http://www.asx.com.au) in full under the code BBX.

**NOTE 10: TRADE AND OTHER PAYABLES**

		<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
Sundry payables and accrued expense		113,579	82,976
Related entities	14	<u>68,242</u>	<u>21,042</u>
		<u>181,821</u>	<u>104,018</u>

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

NOTE 11: FINANCIAL LIABILITIES

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

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

NOTE 12: SHARE CAPITAL

	<b>Consolidated Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
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)
	<hr/> 17,318,122	<hr/> 17,318,122
	<b>No.</b>	<b>No.</b>
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
	<hr/> 18,082,926	<hr/> 17,728,642
At reporting date		

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

**NOTE 12 SHARE CAPITAL CONTINUED**

		<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>No.</b>	<b>No.</b>
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%
* <i>Percentage of voting power is in proportion to ownership</i>			

*\* 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:		
<b>Associated Companies</b>		
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:		
<b>Receivables</b>		
BBX Management No2 Unit Trust	37,503	37,786
<b>Payables</b>		
BBX Funds Management Ltd	68,242	21,042

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

**NOTE 15: FINANCIAL RISK MANAGEMENT**

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
Financial Assets			
Cash and cash equivalents	6	676,354	242,868
Loans and receivables	7	42,228	113,612
Total Financial Assets		<u>718,582</u>	<u>356,480</u>
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	10	181,821	104,018
— Borrowings	12	1,571,304	3,176,169
Total Financial Liabilities		<u>1,753,125</u>	<u>3,280,187</u>

**Financial Risk Management Policies**

The Board of Directors is responsible for monitoring and managing financial risk exposures of the Group. The Board monitors the Group's financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, financing risk and interest rate risk.

The overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

**Specific Financial Risk Exposures and Management**

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

**a. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The group is not exposed to any credit risk.



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

**NOTE 15: FINANCIAL RISK MANAGEMENT**

**b. Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;

monitoring undrawn credit facilities;

obtaining funding from a variety of sources;

managing credit risk related to financial assets;

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

*Financial Liability and Financial Asset Maturity Analysis*

	<b>Within 1 Year</b>		<b>1 to 5 Years</b>		<b>Over 5 Years</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Consolidated Group</b>								
<b>Financial liabilities due for payment</b>								
Bank overdrafts and loans	1,571,304	3,176,169	-	-	-	-	1,571,304	3,176,169
Trade and other payables (excluding est. annual leave)	181,821	104,018	-	-	-	-	181,821	104,018
Total contractual outflows	1,753,125	3,280,187	-	-	-	-	1,753,125	3,280,187
less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	1,753,125	3,280,187	-	-	-	-	1,753,125	3,280,187
<b>Financial assets — cash flows realisable</b>								
Cash and cash equivalents	676,354	242,868	-	-	-	-	676,354	242,868
Trade, term and loans receivables	42,228	113,612	-	-	-	-	42,228	113,612
Total anticipated inflows	718,582	356,480	-	-	-	-	718,582	356,480
Net (outflow)/inflow on financial instruments	(1,034,543)	(2,923,707)	-	-	-	-	(1,034,543)	(2,923,707)

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

NOTE 15: FINANCIAL RISK MANAGEMENT

**c. Market Risk**

**i. Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect the future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

*Net Fair Values*

***Fair value estimation***

The fair values of financial assets and financial liabilities equate to their carrying values in the financial statements.

The fair values disclosed in the report have been determined based on the following methodologies:

- (i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

***Financial Instruments Measured at Fair Value***

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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

Note 16: PARENT COMPANY INFORMATION

a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Balance Sheet		
Current Assets	10,612,013	12,143,525
Total Assets	10,612,013	12,143,525
Current Liabilities	179,160	1,156,537
Total Liabilities	179,160	1,156,537
Shareholders' Contributed Equity	17,318,122	17,318,122
Accumulated Losses	(6,885,269)	(6,331,134)

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Statement of Comprehensive Income		
Total profit/(loss)	(554,135)	(1,069,843)
Total comprehensive income/(loss)	(554,135)	(1,069,843)

b) Contingent Liabilities of the Parent

The parent entity did not have any contingent liabilities as at 30 June 2012

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

Note 17: Cash Flow Information

		<b>Consolidated Group</b>	
		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
a.	Reconciliation of Cash Flow from Operations with Profit after Income Tax		
	Loss after income tax	(789,793)	(1,336,607)
	Non-cash flows in profit:		
	– Impairment of trade dollars	15,243	66,927
	– Loss on revaluation of investment property	331,017	810,678
	– Net trade dollar profit & loss items	24,192	17,334
	– Net loss on disposal of investments	78,567	104,669
	– (increase)/decrease in trade and term receivables	42,828	133,039
	– increase/(decrease) in trade payables and accruals	1,134	76,342
	Cash flow from operations	<u>(296,812)</u>	<u>(127,617)</u>

**NOTE 18: SUBSEQUENT EVENTS**

A distribution of \$500,000 in cash and \$10,000,000 in BBX credits has been paid to shareholders in august 2012.

The property located at 18/30 Hythe Street, Mount Druitt was sold for \$210,000 and settled on 10 September 2012.

The property located at 11/8 Wainwright Road, Mount Druitt was sold for \$285,000 and is due to settle in October 2012.

With these exceptions there have no events occurring since balance date that may materially affect the operations of the company in future periods.

**NOTE 19: SEGMENT INFORMATION**

The company operates in industry segment being real estate investment and one geographic segment being New South Wales Australia.

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

NOTE 20: 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 14 to 39, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the period ended on that date of the company.
2. 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.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

**On behalf of the Board.**



**Carolin Macdonald**  
**Chairman**



**Michael Touma**  
**Director**

Gordon  
28 September 2012

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

**Scope**

**Report on the Financial Report**

We have audited the accompanying financial report of BBX Property Investment Fund Limited ('the company') BBX Property Investment Fund Limited and its Controlled Entities ('the consolidated entity') comprising the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year ended at that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising 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 compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

*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*.



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## Audit Opinion

In our opinion,

- (a) the financial report of BBX Property Investment Funds Limited and 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 and the consolidated entity's financial position as at 30 June 2012 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;
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## 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(o) the going concern assumption has not been applied. All assets and liabilities have been stated at the directors' estimates of their net realisable value with the exception of land and buildings (see below)

- (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.

### *Net Realisable Value of Land and Buildings held for sale*

As set out in Note 9 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 are unknown and may be higher or lower than this amount.

### *BBX Trade Dollars*

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

## Report on Remuneration Report

We have audited the Remuneration Report included on page 11 of the report of the directors for the year ended 30 June 2012. 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 Name Limited for the year ended 30 June 2012, complies with s 300A of the *Corporations Act 2001*.

## Robert Nielson Partners



Robert Nielson

Date 28 September 2012



**SHAREHOLDER INFORMATION**

The Shareholder Information set out below was applicable at 30 September 2012 for all classes of shares.

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

Number of Shares Held	Total Holders	Number of Units	%
1-1,000	15	7,950	0.044
1,001-5,000	219	456,279	2.523
5,001-10,000	104	905,319	5.006
10,001-100,000	196	7,263,964	40.170
100,001-99,999,999,999	33	9,449,414	52.257
Totals	567	18,082,926	100.000

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

Name	Number Held	% of Issued Shares
BBX HOLDINGS LTD	1,659,218	9.176
MR VINCENT CHAN & MRS HELEN CHAN <V & H CHAN SUPER FUND A/C>	1,000,000	5.530
MRS MIREILLE TOUMA	656,415	3.630
WWW.EBBX.COM PTY. LTD.	631,071	3.490
CUTHBERT SUPERANNUATION PTY LTD <THE CUTHBERT SUPER FUND A/C>	514,450	2.845
MARTIN PLACE SECURITIES NOMINEES PTY LTD<MPS STAFF SUPER FUND A/C>	497,500	2.751
MS LUCEILLE OUTHRED <JOLU SUPER FUND A/C>	490,000	2.710
BBX MANAGEMENT PTY LTD	419,942	2.322
R ELLIOTT & ASSOCIATES PTY LTD <T J CREASY SUPER FUND A/C>	416,000	2.301
MR DENNIS RUTZOU & MRS JOAN RUTZOU <CINQUE SUPER FUND A/C>	320,000	1.770
MARTIN PLACE SECURITIES STAFF SUPERANNUATION FUND PTY LTD <MPSSF INVESTMENT A/C>	317,500	1.756
MR JOHN OUTHRED <JOLU SUPER FUND A/C>	280,000	1.548
MR GARY KURZER &MS VIRGINIA AGHAN<BIG FEATS SUPER FUND A/C>	230,000	1.272

## SHAREHOLDER INFORMATION CONTINUED

MR GEORGE GILBERT TROTT	220,000	1.217
TATO PTY LTD <MCHENDY A/C>	206,000	1.139
NATTIA PTY LTD <SIT BACK & RELAX S/F A/C>	202,000	1.117
ALEXANDER ADMINISTRATION PTY LTD <SUPER FUND A/C>	201,250	1.113
MR KEVIN JAMES SOPER <DIGISLIDE SUPER FUND A/C>	200,000	1.106
RADESHAR PTY LTD	200,000	1.106
WHI SECURITIES PTY LIMITED <CROWN CREDIT CORPORATION A/C>	200,000	1.106
Total	7,878,635	49.005

All 18,082,926 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.

### 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.

## **SHAREHOLDER INFORMATION CONTINUED**

### **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.