

BBY HOLDINGS PTY LTD

A.B.N 48 075 187 432

ANNUAL REPORT 30 JUNE 2011

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 0432
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FOR THE YEAR ENDED 30 JUNE 2011

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Your directors present their report on the company and its controlled entities (the "consolidated entity") for the financial year ended 30 June 2011.

1. Directors

The names of directors in office at anytime during or since the end of the period are:

G A Rosewall
D J Perkins
K R Rosewall

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Arun Maharaj

2. Principal activities

The principal activities of the consolidated entity during the year were providing stockbroking, investment banking and asset management services to high net worths, institutional and corporate clients.

3. Review of operations

Operating revenue

The amount of consolidated operating revenue for the year was \$30.28m (2010: \$22.61m). The major reason for the change was due to increased revenues from gain in investments and broking activities in the 2011 year.

Operating results

The amount of consolidated loss after income tax expense/benefit was \$3.07m which compares with a loss of \$5.18m last year. The major reason for the consolidated loss was due to increases in transactional expenses.

Financial position

The net assets of the consolidated group have increased by \$0.80m from \$10.93m in 2010 to \$11.73m in 2011. This increase was largely due to issue of capital during the year.

4. Dividends

During the year, the directors of the Company recommended that no dividend be paid for the year ended 30 June 2011 (2010: nil).

5. Significant Changes in the State of Affairs

No significant changes in the consolidated entities state of affairs occurred during the financial year.

6. Matters subsequent to the end of the financial year

Other than those detailed in Note 29, there are no matters or circumstances which have arisen since 30 June 2011 that have significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the consolidated entity's state of affairs in future financial years.

7. Future Developments, Prospects and Business Strategies

Further information on likely developments in the operation of the consolidated entity and the expected results of those operations have not been included in this report because directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

8. Environmental Issues

The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that there are none.

9. Information on directors and company secretary in office at the date of this report

Director Name & Qualifications	Age	Experience & Special Responsibilities
G A Rosewall B.Econ, CA	51	Executive Chairman. Chief Executive Officer until 15 February 2012. Mr Rosewall has over 25 years experience in institutional broking and investment banking, primarily in senior management positions in investment banks in Australia and the United States. Prior to joining BBY, Mr Rosewall was based in New York as the US Head of Sales for Asian Equities at JPMorgan. He was also a member of the Bank's International Equities Executive Committee and was an Executive Director. He was also Head of Equities at Australian-owned Ord Minnett Securities Limited and responsible for the firms distribution of some of Australia's largest Initial Public Offerings and worldwide placements. Mr Rosewall is a member of the Institute of Chartered Accountants in Australia, a Master Stockbroker with the Stockbrokers Association of Australia and is on the ASIC's Markets Disciplinary Panel.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

9. Information on directors and company secretary in office at the date of this report (continued)

<p>D J Perkins B.Juris. LLB, Grad Dip CM, FAICD, FCIS. Solicitor & Notary Public</p>	<p>58</p>	<p>Non-executive Director. Chairman of the company's Compliance Working Party and Audit and Risk Committee. Member of the Remuneration Committee and Underwriting, Sponsorship and Transaction Committee. Mr. Perkins is a commercial lawyer practising in Sydney CBD. Prior to establishing his practice in 2002, Mr. Perkins was the General Counsel and Company Secretary of The Chase Manhattan Bank Group for Australia, NZ and Oceania and for the JPMorgan Chase Bank Group following the merger of those banks.</p>
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<p>K R Rosewall</p>	<p>77</p>	<p>Director. Mr Rosewall has born in Sydney, Australia and is a former champion international tennis player. He enjoyed an exceptionally long career as a professional tennis player, from the early 1950s to the early 1970s. He was the World Number One player for three consecutive years in the early 1960s and was the runner-up for another seven years.</p>
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Mr Rosewall is also a successful businessman and has been involved in numerous property and commercial building projects. He has been classified by The National Trust as one of Australia's 100 Living National Treasures.

<p>Company Secretary Name & Qualifications A N Maharaj CA (NZ), B Comm/B Science</p>	<p>Age 40</p>	<p>Experience & Special Responsibilities Chief Financial Officer. Chartered Accountant with over 12 years experience in the financial services industry. Previously Group Reporting Manager of BT Financial, Audit Manager with PWC Australia. Mr Maharaj is also a Master Stockbroker with the Stockbrokers Association of Australia.</p>
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10. Meeting of directors

Director	Number eligible to attend	Number attended
G Rosewall	6	6
D Perkins	6	6
K R Rosewall	6	6

11. Indemnity and Insurance of Officers and Auditors

Since the end of the previous financial year, BBY Limited ("BBY"), a controlled entity has paid insurance premiums in respect of directors' and officers' liability insurance for current and former officers of BBY Holdings Pty Ltd ("BBYH"), and its controlled entities.

The officers of BBYH covered by the insurance include the directors of the Company named in paragraph 1 of this report.

The insurance policies prohibit disclosure of the nature of the liability insured against and the amount of the premiums.

The officers as detailed above are indemnified out of the property of BBYH against any liability incurred in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in relation to

The officers are also indemnified out of the property of BBYH against any liability incurred in that capacity (other than to the Company or related body corporate) provided that liability does not arise out of conduct involving a lack of good faith.

12. Directors' benefits

Information on directors' benefits is set out in the following notes to the consolidated financial statements:

- (a) Note 20: Key Management Personnel
- (b) Note 24: Related Parties

13. Options

No options over issued shares or interests in the company or the controlled entity were granted during or since the end of the financial year, and there were no options outstanding as at the date of this report.

14. Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the company for all or any of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

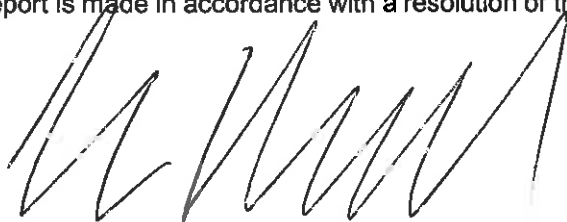
15. Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

16. Rounding amounts

The consolidated entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

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

A handwritten signature in black ink, appearing to read 'Glenn Rosewall', is written over the text of the resolution.

Glenn Rosewall
Director

Sydney
23 May 2013

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Entity	
		2011 \$'000	2010 \$'000
Revenue	3	24,762	20,552
Other Income	3	5,010	2,063
Expenses			
Consultancy Expense		1,699	830
Transaction and information expense		14,592	8,999
Employee benefit expense		11,461	9,597
Occupancy expense		938	906
Communication expense		619	516
Depreciation & amortisation expense		267	619
Travel and entertainment expense		592	639
Legal and professional fees		552	632
Finance Costs		105	71
Other expense		1,100	1,296
Write off of leasehold improvements		221	468
Impairment of unlisted investments		900	64
Impairment of trade receivables		-	301
Impairment of loan to related entity		-	2,381
Loss before income tax expense	4	<u>(3,274)</u>	<u>(4,704)</u>
Income tax expense/(benefit)	5	<u>(204)</u>	<u>478</u>
Loss after income tax expense		<u>(3,070)</u>	<u>(5,182)</u>
Net loss attributable to members of BBY Holdings Pty Limited		<u>(3,070)</u>	<u>(5,182)</u>
Other Comprehensive Income		(38)	(159)
Total Comprehensive Income		<u>(3,108)</u>	<u>(5,341)</u>

The accompanying notes form part of these financial statements.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Entity	
		2011 \$'000	2010 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	6,573	7,817
Trade and other receivables	8	2,930	2,375
Current tax asset	15	219	31
Other financial assets	9	4,875	3,151
Other assets	11	624	135
TOTAL CURRENT ASSETS		15,221	13,509
NON-CURRENT ASSETS			
Other financial assets	9	8,488	5,045
Property, plant and equipment	12	247	425
Intangible asset	14	23	23
Deferred tax asset	15	514	459
TOTAL NON-CURRENT ASSETS		9,272	5,952
TOTAL ASSETS		24,493	19,461
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	9,670	5,761
Provisions	17	711	689
TOTAL CURRENT LIABILITIES		10,381	6,450
NON-CURRENT LIABILITIES			
Long-term borrowings	18	844	1,061
Provisions	17	406	292
Deferred tax liabilities	15	1,138	729
TOTAL NON-CURRENT LIABILITIES		2,388	2,082
TOTAL LIABILITIES		12,769	8,532
NET ASSETS		11,725	10,929
EQUITY			
Issued capital	19	16,601	13,601
Reserves		2,614	1,748
Accumulated losses		(7,490)	(4,420)
TOTAL EQUITY		11,725	10,929

The accompanying notes form part of these financial statements.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

Attributable to equity holders of the consolidated entity

Note	Ordinary share Capital	Non-cumulative redeemable preference shares	Retained Earnings / (Accumulated Losses)	Financial Asset Reserve	Foreign Currency Translation Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	13,101	500	762	1,046	304	15,713
Revaluation of available for sale financial assets	-	-	-	557	-	557
Adjustments from translation of foreign controlled entities	-	-	-	-	(159)	(678)
Net loss attributable to members of the company	-	-	(5,182)	-	-	(2,780)
Total Comprehensive Income for the year	-	-	(5,182)	-	(159)	(3,458)
Balance at 30 June 2010	13,101	500	(4,420)	1,603	145	10,929
Balance at 1 July 2010	13,101	500	(4,420)	1,603	145	10,929
Revaluation of available for sale financial assets	-	-	-	904	-	904
Adjustments from translation of foreign controlled entities	-	-	-	-	(38)	(38)
Net loss attributable to members of the company	-	-	(3,070)	-	-	(3,070)
Total Comprehensive Income for the year	-	-	(3,070)	-	(38)	(3,108)
Contribution to Equity	3,000	-	-	-	-	3,000
Balance at 30 June 2011	16,101	500	(7,490)	2,507	107	11,725

The accompanying notes form part of these financial statements.

BBY HOLDINGS PTY LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Entity	
		2011 \$'000	2010 \$'000
Cash flows from operating activities			
Receipts from customers		23,489	20,190
Payment to suppliers & employees		(25,097)	(21,836)
Interest received		602	262
Finance costs paid		(105)	(71)
Income tax refund/(paid)		-	119
Net cash used in operating activities	27(b)	(1,111)	(1,336)
Cash flows from investing activities			
Payments for plant and equipment		(310)	(199)
Net (payments for purchase)/proceeds from sale of investment securities		(2,826)	291
Net cash (used in)/provided by investing activities		(3,136)	92
Cash flows from financing activities			
Amounts advanced from related parties		3	206
Repayment/(advances) of borrowings		3,000	2
Net cash provided by financing activities		3,003	208
Net decrease in cash held		(1,244)	(1,036)
Cash at beginning of financial year		7,817	8,853
Cash at end of financial year	27(a)	6,573	7,817

The accompanying notes form part of these financial statements.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. INTRODUCTION

The financial report covers BBY Holdings Pty Ltd and its controlled entities. BBY Holdings Pty Ltd is a private company incorporated and domiciled in Australia.

Operations and principal activities

The principal activities of the consolidated entity during the financial year were providing stockbroking and corporate finance services to high net worth, institutional and corporate clients.

Basis of preparation

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

The financial statements of BBY Holdings Pty Limited and controlled entities comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety ensuring that the financial statements and notes also comply with the International Financial Reporting Standards.

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

Currency

The financial report is presented in Australian currency and rounded to the nearest thousand dollars.

Reporting Period

The financial report is presented for the year ended 30 June 2011. The comparative reporting period ended at 30 June 2010.

Registered Office

Level 17
60 Margaret Street
Sydney NSW 2000
Australia

Authorisation of financial report

The financial report was authorised for issue on 8 May 2013 by the Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Principles of consolidation

A controlled entity is an entity BBY Holdings Pty Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in note 25 to the financial statements. All controlled entities have a 30 June financial year end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 tax rates that have been enacted or are substantially enacted by reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income 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 taxable profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the capital.

BBY Holdings Pty Ltd and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation system from 1 July 2003. BBY Holdings Pty Limited is the head entity, and is responsible for recognising the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused relevant tax credits assumed from the subsidiaries in the group and assets and liabilities arising for the head entity under a tax funding arrangement - as amounts receivable from or payable to other entities in the group.

(c) Foreign currency translation

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except for differences arising on foreign currency borrowings included in borrowing costs.

Exchange differences arising on the translation of non-monetary items are recognised directly in the equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

(d) Revenue recognition

Brokerage revenue is stated gross of commission rebates and is recognised when a contract note for the sale or purchase of shares is raised. Dividend income is recognised on an accrual basis.

Revenue in respect of corporate fees is stated gross of sub-underwriter fees is recognised when a contract is signed, up to the extent of services that have been rendered.

Interest on short term investments and interest on scrip lending is recognised in accordance with the terms and conditions of the underlying financial instrument.

(e) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and liabilities, are recognised when the consolidated entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or liabilities assumed, is recognised in the profit or loss.

Classification and Subsequent Measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or 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. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have 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 using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

The consolidated entity classifies its investments as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivatives financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments.

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Investment in subsidiaries and unlisted investments

Investment in subsidiaries and unlisted investments are reflected at cost less any impairment of value.

Equity Accounted Investments

Equity accounted investments are held at cost in accordance with paragraph 13 of AASB 128.

(f) Leased non-current assets

Leases under which all the risks and benefits of ownership are effectively retained by the lesser are classified as operating leases. Operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(g) Trade and other creditors

Trade creditors are recognised for the major business activity of stockbroking. Other creditors represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Interest bearing liabilities

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(i) Finance costs

Finance costs are recognised as expenses in the period in which they occurred and include interest on long-term borrowings.

(j) 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 three month or less, and bank overdrafts. Bank overdrafts are shown within short term borrowing in current liabilities on the statement of financial position.

(k) 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 statement of financial position are shown inclusive of GST.

(l) Impairment of assets

At each reporting date, the consolidated entity 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 statement of comprehensive income. In assessing value in use, the estimated future cash flows discounted to their present value using a pre-tax discount rate.

(m) Plant and equipment

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining the recoverable amounts.

Depreciation

The depreciation amount of all fixed assets is depreciated on a straight line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready in use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation rate
Plant and Equipment	5-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amount included in the revaluation surplus relating to that asset are transferred to retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Investment in associates

Associates companies are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit and loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profit and losses resulting from transactions between the Group and the associate are eliminated to the extent they relate to the Group's investment in the associate.

When the reporting date of the Group and the associate is different, the associate prepares, for the use by Group, financial statements as of the same date as the financial statements of the Group with adjustments being made for the effects of significant transactions or events that occur between that date and the date of the investor's financial statements.

Details of the Group's investments in associates are shown at Note 10.

(o) Provisions

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) 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 operation which became mandatory.

The adoption of the applicable standards and their effect on the financial statements is described below:

(i) New accounting standards applicable in the current period

AASB 101 'Presentation of Financial Statements'

AASB 101 (effective 1 January 2009) had changed the presentation and terminology of the primary financial statements. The amended standard has also changed how an entity presents changes in equity and reports those changes. This change has had no impact on the Group.

AASB 8 'Operating Segments'

AASB 8 has not had an impact on the Group. The reporting that is regularly reviewed by the Group's chief operating decision maker is based on one operating segment - Australia predominantly.

(ii) New accounting standards for application in future periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. Non of these standards have any impact on the Group.

AASB 2009-5 Amendments Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-5 results from the International Accounting Standards Board's annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to accounting standards.

The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The subjects of the principal amendments to the Standards are set out in the preface to the standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Comparative figures

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

The amount of corporate transaction costs and commission rebates included in Note 4 was previously netted off against revenue. The directors believe that the reclassification better reflects the nature of transactions. This reclassification had no impact in reported net profit or net assets of the consolidated entity.

(r) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. The recoverable amounts of trade receivables and investments are assessed at each reporting date. Any excess of carrying value over the recoverable amount is immediately provided for.

BBY HOLDINGS PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$'000	2010 \$'000
3. REVENUE		
Revenues from ordinary activities		
Commission revenue	15,791	10,791
Underwriting & placement fees	8,876	9,520
Asset management income	95	241
	<u>24,762</u>	<u>20,552</u>
Revenues from non-ordinary activities		
Interest	601	262
Sundry income	1,604	409
Interest - Convertible Note	300	-
Net realised gains on financial assets	2,505	1,392
	<u>5,010</u>	<u>2,063</u>
	<u>29,772</u>	<u>22,615</u>
4. PROFIT/ (LOSS) FOR THE YEAR		
Expenses		
Finance costs:		
- related parties	65	70
- external	40	1
Total finance costs	<u>105</u>	<u>71</u>
Corporate transaction costs	817	1,867
Commission rebates	8,655	3,023
Bad and doubtful debts	-	301
Depreciation and amortisation charge	267	619
Leasehold improvements write off	220	468
Rental expense on operating leases - minimum lease payments	938	906
Provision for employee entitlements	782	727
Foreign currency translation losses	(131)	54
Directors Fees	48	53
Loss on derivative financial asset	300	-
5. INCOME TAX EXPENSE/(BENEFIT)		
(a) Income tax expense/(benefit)		
Income tax comprises:		
Current	(204)	478
	<u>(204)</u>	<u>478</u>
(b) The prima facie tax benefit on profit/(loss) before income tax is reconciled to the income tax as follows:		
Profit/(loss) before income tax expense	(3,274)	(4,704)
Prima facie tax payable on profit /(loss) before income tax at 30% (2010: 30%)	(982)	(1,411)
Add tax effect of:		
Tax losses not recognised	625	1,454
Non-deductible entertainment expenses	26	28
Other non-deductible expenses	62	11
Non-assessable income/(loss)	57	-
Deferred tax assets arising due to timing differences	(33)	291
	<u>738</u>	<u>1,784</u>

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	2011 \$'000	2010 \$'000
5. INCOME TAX EXPENSE/ (BENEFIT) (continued)		
Less tax effect of:		
Under/ (Over) provision in prior year	40	105
	40	105
Income tax expense/ (benefit) attributable to entity	(205)	478

Tax consolidation legislation

Legislation exists to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes.

The company and its wholly owned Australian resident entities are eligible to consolidate for tax purposes under the legislation and have elected to be taxed as a single entity. The head entity within the tax-consolidated group for the purpose of the tax consolidation system is BBY Holdings Pty Ltd.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, BBY Holdings Pty Ltd and each of the entities in the tax consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the net accounting profit or loss of the entity at the current tax rate. Such amounts are reflected in amounts receivables from or payable to other entities in the tax consolidated group.

	2011 \$'000	2010 \$'000
No part of the future income tax benefit shown in note 15 is attributable to tax losses. The directors estimate that the potential future income tax benefit at 30 June 2011 in respect of tax losses not brought to account is;	2,605	2,171

The benefits for tax losses will only be obtained if:

- (i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (ii) the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

6. DIVIDENDS

It was recommended that no dividend be paid for the year ended 30 June 2011(2010:nil)

	2011 \$	2010 \$
	-	-
Balance of the franking account financial year end, adjusted for franking credits arising from;	7,694,194	7,694,194

- payment of provision for income tax
- dividends recognised as receivables and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in the final year proposed as at the end of the year; and franking credits that may be prevented from being distributed in the subsequent year.

7. CASH AND CASH EQUIVALENTS

CURRENT

Cash at bank

	2011 \$'000	2010 \$'000
	6,573	7,817
	6,573	7,817

Cash at bank is bearing a floating interest rate of 4.525% (2010: 4.34%).

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	2011 \$'000	2010 \$'000
8. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade debtors	1,975	1,688
Loans to director-related entities	550	350
Loans to parent entity	-	4
Other debtors	405	332
	<u>2,930</u>	<u>2,374</u>

Further information relating to loans to director-related entities is set out in note 24.

As at 30 June 2011, the ageing of trade debtors and other debtors shown above is as follows:

	2011 \$'000	2010 \$'000
Not past due	1,564	1,372
Past due: 0 -30 days	61	316
Past due: 31 -60 days	103	-
Past due: 61 + days	247	-
Closing balance	<u>1,975</u>	<u>1,688</u>

Trade and other debtors are non-interest bearing and are generally on 30 day credit terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

9. FINANCIAL ASSETS

	2011 \$'000	2010 \$'000
CURRENT		
Available-for-sale financial assets - unlisted investments	98	125
Available-for-sale financial assets - listed investments	3,641	-
Fair value through profit and loss financial assets - shares in listed corporations	1,136	3,026
	<u>4,875</u>	<u>3,151</u>
NON-CURRENT		
Available-for-sale financial assets	-	2,350
Unlisted investments, at cost		
- shares in other corporations	432	78
- loans and receivables - convertible notes (a)	5,894	-
- Derivative Financial Assets (a)	2,162	-
- investment in associate (Note 10)	-	2,617
	<u>8,488</u>	<u>5,045</u>

Fair value of listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred.

(a) The loans and receivables are in respect of convertible notes in Firestone Energy Limited ("FSE"), a public listed company. The terms of the convertible notes are as follows:

- The holder may elect to convert some or all of The notes at any time prior to maturity date.
- Maturity date is three years from date of purchase.
- Unless otherwise converted, on maturity date, each convertible note must be redeemed by FSE.
- The holder is entitled to receive the face value of that note, plus any accrued but unpaid interest.
- Interest on each note is 10% p.a.

Under Australian Accounting standards, convertible notes are treated as a loan and receivable. In addition the option to convert to ordinary shares is treated as an embedded derivative which has to be fair valued at each reporting date.

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10. INVESTMENT IN ASSOCIATE

On 31 March 2009, Jaguar Asset Management Limited, a wholly owned subsidiary of BBY Holdings Pty Limited purchased a 20% interest in the participating shares of Jaguar Australian Leaders Long Short Fund, a company incorporated in Bermuda. The principal activity of the investee is the operation of a mutual fund. Jaguar Asset Management Limited has not equity accounted this interest in accordance with paragraph 13 of AASB 128 and has elected to hold the investment at cost.

On 2 August 2010, the investment in the Jaguar Australian Leaders Long Short Fund was redeemed.

A reconciliation of movements in investment in associates is provided below:

	2011 \$'000	2010 \$'000
Opening balance	2,617	2,727
Disposal during the year	(2,617)	-
Foreign exchange movement	-	(110)
Closing balance	<u> -</u>	<u> 2,617</u>

EQUITY ACCOUNTED INVESTMENTS

Summarised financial information relating to the associate company is provided below. The income statement amounts include movements from the date of acquisition of the investment to the year end date:

- Total investment income	-	337
- Total profit for the period	-	(551)
- Total assets at year end	-	13,661
- Total liabilities at year end	-	1,379

11. OTHER ASSETS

CURRENT

Prepayments	124	135
Other deposit	500	-
	<u> 624</u>	<u> 135</u>

Other deposit is in relation to the deposit paid for the acquisition of StoneBridge Group. Refer to details in Note 29.

12. PROPERTY, PLANT AND EQUIPMENT

NON-CURRENT

Plant and equipment		
Plant and equipment - at cost	1,680	1,561
Accumulated depreciation	(1,433)	(1,136)
	<u> 247</u>	<u> 425</u>

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out in note 13.

13. MOVEMENT IN CARRYING AMOUNTS

Movements in carrying amounts for each class of property, plant and equipment.

	Plant and equipment \$'000	Leasehold Improvements \$'000	Software \$'000	Total \$'000
Balance at 1 July 2009	577	599	138	1,314
Additions	79	27	92	198
Fixed asset write off	-	(468)	-	(468)
Depreciation expense	(386)	(158)	(75)	(619)
Carrying amount at 30 June 2010	270	-	155	425
Additions	74	221	15	310
Fixed asset write off	-	(221)	-	(221)
Depreciation expense	(179)	-	(88)	(267)
Carrying amount at 30 June 2011	165	-	82	247

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	2011 \$'000	2010 \$'000
14. INTANGIBLE ASSETS		
NON-CURRENT		
Patents & trademarks	23	23
Less: Accumulated amortisation	-	-
	<u>23</u>	<u>23</u>
15. CURRENT AND DEFERRED TAX		
CURRENT		
Current tax assets	219	31
	<u>219</u>	<u>31</u>
NON-CURRENT		
Deferred tax assets	514	459
	<u>514</u>	<u>459</u>
Deferred tax liabilities	1,138	729
	<u>1,138</u>	<u>729</u>
(a) Assets		
Deferred tax assets comprise:		
- Employee provisions	314	191
- Accruals	142	162
- Other	58	106
	<u>514</u>	<u>459</u>
(b) Liabilities		
Deferred tax liabilities comprise:		
- Financial assets	1,074	726
- Unrealised foreign exchange	52	-
- Other	12	3
	<u>1,138</u>	<u>729</u>
(c) Reconciliations		
The overall movement in the deferred tax accounts are as follows:		
Deferred tax assets;		
Opening balance	459	718
(Debit)/ Credit to statement of comprehensive income	55	(259)
Closing balance	<u>514</u>	<u>459</u>
Deferred tax liabilities;		
Opening balance	729	458
Charge to equity	387	239
Debit/(Credit) to statement of comprehensive income	22	32
Closing balance	<u>1,138</u>	<u>729</u>
16. TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors	4,038	1,120
GST payables	667	187
Accruals	2,166	2,220
Other creditors and accruals	2,799	2,234
	<u>9,670</u>	<u>5,761</u>

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	2011	2010
	\$'000	\$'000
17. PROVISIONS		
CURRENT		
Employee entitlements	711	549
Lease incentive provision	-	140
	711	689
	711	689
NON-CURRENT		
Employee entitlements	336	244
Other non-current provisions	70	48
	406	292
	406	292
<p>A lease incentive provision has been recognised on the consolidated entity's operating lease whereby a reduction in rent is being received by the consolidated entity.</p>		
Analysis of Total Provisions		
Opening Balance	981	886
Additional provisions raised	136	235
Amounts credited to income statement	-	(140)
Closing balance as at 30 June 2011	1,117	981
	1,117	981
18. LONG-TERM BORROWINGS		
Financing arrangements		
NON-CURRENT		
Subordinated debt unsecured	844	1,061
	844	1,061
<p>Access was available at reporting date to the following lines of credit:</p>		
Total facilities:		
Subordination loan	4,800	4,800
Guarantee facility	390	390
	5,190	5,190
	5,190	5,190
Used at balance date:		
Subordination loan	844	1,061
Guarantee facility	387	387
	1,231	1,448
	1,231	1,448
Unused at balance date:		
Subordination loan	3,956	3,739
	3	3
	3,959	3,742
	3,959	3,742
<p>The current interest rates for subordinated debt are 9% (2010: 9%). Interest rates on subordinated debt are fixed at 9%.</p>		
19. ISSUED CAPITAL		
Ordinary Share Capital		
326,121,584 (2010: 76,121,584) "A" class fully paid ordinary shares	12,987	9,987
5,076,428 (2010: 5,076,428) "B" class fully paid ordinary shares	3,114	3,114
1,000 (2010:1,000) fully paid preference shares	500	500
	16,601	13,601
	16,601	13,601

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19. ISSUED CAPITAL (continued)

During the year, 250,000,000 "A" class ordinary shares were issued by the Company to a director related entity for a consideration of \$3,000,000.

Preference shares issued are Non-Cumulative Redeemable Preference Shares, which rank before ordinary shares, and are redeemable only at the Company's discretion.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at the meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital Risk Management

The consolidated entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

BBY Limited and Jaguar Advisory Services Pty Limited (group companies) hold Australian financial services licenses. Due to these licences, the consolidated entity is required to prudentially maintain liquidity ratio. At all times during the year the consolidated entity complied with its prudential ratios.

There were no changes in the consolidated entity's approach to capital management during the financial year.

20. KEY MANAGEMENT PERSONNEL

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

Key Management Person	Position
Mr G A Rosewall	Chairman and Chief Executive Officer
Mr K R Rosewall	Non-Executive Director
Mr D Perkins	Non-executive Director
Mr A Maharaj	Chief Financial Officer and Company Secretary
Mr D Smith	Head of Equity Capital Markets
Mr R Cole	Head of Sales(resigned 3 December 2010)
Mr S Palmer	Head of International Sales

b. Compensation Practices

The board policy for determining the nature and amount of compensation of key management for the group is as follows.

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the future.

	Short term benefits			Long term benefits	Post employment benefits	Other compensation benefits	
	Salary & Fees	Bonus	Non-Cash Benefits	Long Service Leave	Super-annuation Contribution	Other	Total
	\$	\$	\$	\$	\$	\$	\$
2011							
Total Compensation	1,339,282	125,000	1,500,000	-	71,144	-	3,035,426
2010							
Total Compensation	946,808	122,430	-	-	59,415	1,055,000	2,183,453

21. AUDITORS REMUNERATION

Audit of the financial reports of the company
Taxation Services

	2011	2010
	\$	\$
Audit of the financial reports of the company	108,400	106,000
Taxation Services	104,446	99,555
	<u>212,846</u>	<u>205,555</u>

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22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

During the year, a claim was lodged against a wholly owned subsidiary of BBY Holdings Pty Limited. The Company has defended the claim and has effectively settled the matter.

	2011	2010
	\$'000	\$'000
23. CAPITAL AND LEASING COMMITMENTS		
Operating lease commitments		
Non-cancellable operating leases contracted but not capitalised in the financial statements		
- no later than 12 months	1,498	1,047
- between 12 months and 5 years	7,639	172
- over 5 years	1,696	-
	10,833	1,219

The above commitments are in relation to non-cancellable operating leases for properties over various terms.

The property lease in respect of the company's current Sydney premises is for a period of seven years expiring on 30 June 2018.

A new lease has been entered in respect of the Company's current Melbourne premises for the period of 21 months commencing 1 January 2011.

24. RELATED PARTY INFORMATION

Directors and director related entities

The following directors held office as a director of the Company at any time during the year ended 30 June 2011 and up to the date of this report:

G A Rosewall
D J Perkins
K R Rosewall

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation is provided in the key management personnel compensation in note 20.

Other transactions with directors and director-related entities

During the year, legal fees amounting to \$187,613 (2010: \$314,259) were paid to Perkins Solicitors. David Perkins is a principal of this firm. The fees paid were under normal commercial terms and conditions.

During the year, the Company's wholly owned entity sold part of its non-current investments amounting to \$500,000 to G A Rosewall Family Trust. Glenn Rosewall is a director of this Trust. The sell were under normal commercial terms and conditions. At year end, the amount receivable from the Trust on this transaction is \$200,000.

During the year, an interest payable amounting to \$1,938,000 were accrued to be payable to Jaguar Australian Long Short Unit Trust. Glenn Rosewall is a director of the Trustee. The interest payable was under normal commercial terms and conditions.

David Perkins is a director of Firestone Energy Limited ("FSE"). During the year, the Company's wholly owned entities were issued Convertible Notes amounting to \$11,456,426 from FSE. The Company's wholly owned entity converted Notes amounting to \$3,400,000 and sold Notes amounting to \$500,000. At year end, the group held \$8,056,426 of Notes and 10,646,341 of ordinary shares in FSE. The transactions were taken place under normal commercial terms and conditions.

Remuneration Benefits

Information on remuneration of directors is disclosed in note 20.

24. RELATED PARTY INFORMATION (continued)

Wholly-owned group

The wholly-owned group as at 30 June 2011 consists of BBY Holdings Pty Ltd and its wholly-owned controlled entities:

- BBY Limited and its wholly-owned controlled entities (nominee companies);
- Broker Services Executive (Australia) Pty Ltd;
- Broker Services Australia Pty Ltd;
- Jaguar Advisory Services Pty Limited;
- Jaguar Asset Management Limited;
- Jaguar Funds Management Pty Limited; and
- BBY (Dubai) Limited.

Transactions between BBY Holdings Pty Limited and other entities in the wholly-owned group during the year ended 30 June 2010 consisted of the Company advancing and repaying loans to other entities in the wholly-owned group. There are no fixed terms for the repayment of principal on loans advanced by BBY Holdings Pty Ltd and these loans are non-interest bearing.

During the year, BBY Holdings Pty Limited invested additional funds in Jaguar Asset Management Limited by means of a capital contribution.

Parent Entity

During the year, the parent and ultimate parent entity of BBY Holdings Pty Ltd is BBY Staff Holdings Pty Ltd. On 30 June 2011, BBY Staff Holdings Pty Limited shareholding in BBY Holdings Pty Limited fell from 82.2% to 20.08%. Accordingly, on 30 June 2011, the ultimate parent entity is BBY Holdings Pty Limited.

Other related parties

Other related parties of BBY Holdings Pty Ltd and its controlled entities are:

- Jefferies & Company Incorporation (USA) which at 30 June 2011 owned 1.53% (2010: 6.3%) of the issued ordinary shares of BBY Holdings Pty Ltd;
- Ficema Pty Limited which at 30 June 2011 owned 0.46% (2010: 1.6%) of the issued ordinary shares of BBY Holdings Pty Limited;
- Olive Pacific Pty Limited which at 30 June 2011 owned 77.92% (2010: 9.9%) of the issued ordinary shares of BBY Holdings Pty Limited;
- BBY Staff Nominee Pty Ltd for which BBY Staff Holdings Pty Ltd is also a parent entity;

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of other related entities:

	2011	2010
	\$'000	\$'000
Finance Costs		
Other related parties	65	70

Aggregate amounts receivable from, and payable to, each class of other related parties at balance date:

Current trade and other receivables:

Loans to Jefferies	350	350
Loans to BBY Staff Holdings Pty Limited	-	4

The above loans are interest free loans and are due for repayment within 12 months of the balance sheet date.

Current trade and other payables:

Loans payable to Olive Pacific Pty Limited	411	-
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Non-current financial liabilities

Jefferies subordinated loan (refer to note 18)	844	1,061
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25. INVESTMENT IN CONTROLLED ENTITIES

Name of entity/ Country of incorporation	Carrying amount of investments	
	2011	2010
	\$	\$
Broker Services Australia Pty Ltd	Australia 2,336,067	2,336,067
BBY Limited	Australia 6,806,918	3,806,918
Jaguar Advisory Services Pty Ltd	Australia 150,000	150,000
Jaguar Asset Management Ltd	Bermuda 2,789,619	2,789,619
Jaguar Funds Management Pty Ltd	Australia 2	2
BBY (Dubai) Limited	UAE 753,157	753,157

26. SEGMENT INFORMATION

The company operates in the financial services industry. The operations of the consolidated entity are conducted primarily in Australia.

2011	2010
\$'000	\$'000

27. CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	6,573	7,817
Cash on hand (note 7)	<u>6,573</u>	<u>7,817</u>

(b) Reconciliation of net cash flows from operating activities to operating profit/(loss) after income tax

Profit /(loss) after income tax	(3,070)	(5,182)
Write down and unrealised loss/(gain) on investments	(2,505)	(1,329)
Bad and doubtful debts	-	301
Leasehold improvements write off	221	468
Foreign exchange variation	(218)	53
Impairment of Loan to related entity	-	2,381
Depreciation and amortisation	267	619
Impairment of unlisted investment	900	64
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(559)	(835)
(Increase)/decrease in prepayments	11	5
Increase/(decrease) in trade and other creditors	3,908	1,426
Increase/(decrease) in provisions	137	95
Increase/(decrease) in tax related balance	(203)	597
Net cash Inflows used in operating activities	<u>(1,111)</u>	<u>(1,337)</u>

28. FINANCIAL INSTRUMENTS

Financial Risk Management

The consolidated entity's financial instruments mainly consist of deposits with banks, short-term investments, trade and other receivables, trade payables and borrowings.

Financial Risks Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, market price risk and credit risk.

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28. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The interest on the subordinated loan is fixed at 9%, therefore interest rate changes have no impact on the profit or net assets of the consolidated entity. Therefore, the only risk to the consolidated entity in relation to interest rate results from the bank balances in existence in the entity.

During the current and prior financial years the consolidated entity operated bank accounts subject to variable interest rate changes. An increase in interest rates of 200 basis points would have increased profits before tax and net assets in the consolidated entity by \$73,954 in the current year (2010:\$149,007). A decrease of 200 basis points would have reduced profit before tax and net assets by \$73,954 (2010:\$149,007).

Foreign currency risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the exchange rates. The consolidated entity is mainly exposed to foreign currency risk in relation to US dollars (USD), Great British Pounds (GBP), Euro Dollars (EURO) and Canadian Dollars (CAD). There is no policy in place to minimise this risk as the core operations are sourced domestically.

The carrying amounts of the foreign currency denominated financial assets and liabilities at the reporting date are as follows:

	2011	
	Financial Assets \$AUD	Financial Liabilities \$AUD
US Dollars	1,130,679	872,991
Great British Pounds	29,892	53,766
Euro	20,126	-
Japanese Yen	35	-
Canadian Dollars	34,065	-
	1,214,797	926,759

	2010	
	Financial Assets \$AUD	Financial Liabilities \$AUD
US Dollars	2,223,536	1,099,386
Great British Pounds	36,390	37,593
Euro	87,087	-
Canadian Dollars	74,876	-
	2,421,890	1,136,979

The financial assets noted above mainly comprise of investments in US corporations and receivables from related parties which are denominated in US\$, GBP£, E€, CAD\$. Financial liabilities mainly comprise US Dollar denominated subordinate debt along with payable to a related party denominated in British Pounds.

The table below details the consolidated entity's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. A sensitivity rate of 10% is considered reasonable based on exchange rate fluctuations that occurred post year end. The sensitivity analysis includes only outstanding foreign currency financial assets and liabilities and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2011	
	10% Favourable	10% Adverse
	\$	
Profit/ (loss)	28,804	(28,804)
	28,804	(28,804)

	2010	
	10% Favourable	10% Adverse
	\$	
Profit/ (loss)	128,495	(128,495)
	128,495	(128,495)

28. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as and when they fall due. The group manages liquidity risk by monitoring forecast cash flows on a daily basis. Monitoring of such risks forms an integral part of management's function as the Group's largest subsidiary, BBY Limited, is required to report its liquidity position to the ASX on a monthly basis.

2011

Financial Liabilities	< 1 month \$'000	1 - 3 months \$'000	3 months to 1 year \$'000	1 year to 5 years \$'000	Total \$'000
Trade Payables	4,038	-	-	-	4,038
Sundry Payables and accrued expenses	2,613	1,575	1,443	-	5,631
Borrowings - Subordinated debt	-	-	-	843	843
Total	6,651	1,575	1,443	843	10,512

2010

Financial Liabilities	< 1 month \$'000	1 - 3 months \$'000	3 months to 1 year \$'000	1 year to 5 years \$'000	Total \$'000
Trade Payables	1,120	-	-	-	1,120
Sundry Payables and accrued expenses	1,299	1,220	2,121	-	4,640
Borrowings - Subordinated debt	-	-	-	1,061	1,061
Total	2,419	1,220	2,121	1,061	6,821

28. FINANCIAL INSTRUMENTS (continued)

Market and Price Risk

Market risk is the risk that changes in equity market prices will affect the consolidated entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk. The company manages its exposure to changes in market value through employing highly experienced personnel to engage in investment transactions. Monitoring and review procedures take place daily.

Holdings of market exposed financial instruments are subject to daily mark to market review and organisational controls.

The consolidated entity holds a portfolio of available for sale listed investments and a portfolio of investments which have been designated as fair value through profit and loss. At 30 June 2010, the total value of the portfolio of available for sale investments was \$98,000 (2010:\$2,475,000). The total value of the investments designated as fair value through profit and loss at the year end date is \$1,136,000(2010: \$3,026,000)

A 10% movement in market prices has been used in the sensitivity analysis below. We have used 10% during our analysis as we believe that significant fluctuations will eventuate in the current economic climate. Should a 10% favourable movement occur in average market prices, an increase in profit of \$113,600 (2010: \$302,600) would occur. The effect of such an appreciation in market prices on net assets would be an increase of \$182,200 which includes an increase in deferred tax liabilities of \$29,400. The impact of a negative movement in average market price of 10% would have an equal negative impact.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity. The consolidated entity has a third party clearing arrangement with Berndale Securities Pty Limited and Fortis Clearing Sydney Pty Limited, who are a prudentially supervised counterparties, and commission is remitted monthly in arrears.

Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at balance date. For other assets and other liabilities the net fair value approximates their carrying value. No financial asset or liability is readily traded on organised markets in standardised form other than listed investments. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: fair value is calculated using current bid prices (unadjusted) in active markets for identical assets or liabilities excluding transaction costs. House positions are valued using quoted bid prices, excluding transaction costs.

Level 2: fair value is estimated using inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) in a sales contract.

Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs). Unlisted investments are measured at cost. The cost is representative of the fair value of the unlisted investment.

28. FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
30-Jun-11				
<i>Financial assets at fair value through profit or loss</i>				
Listed investments - shares in listed corporations	1,136	-	-	1,136
<i>Available-for-sale financial assets</i>				
Listed investments - shares in listed corporations	3,641	-	-	3,641
Loan and receivable - convertible notes	5,895	-	-	5,895
Derivative financial assets	2,162	-	-	2,162
Unlisted investments	-	-	530	530
- shares in other corporations	-	-	530	530
	<u>12,834</u>	<u>-</u>	<u>530</u>	<u>13,364</u>
30-Jun-10				
<i>Financial assets at fair value through profit or loss</i>				
Listed investments - shares in listed corporations	3,026	-	-	3,026
<i>Available-for-sale financial assets</i>				
Listed investments - shares in listed corporations	2,350	-	-	2,350
Unlisted investments	-	-	203	203
- shares in other corporations	-	-	203	203
- investment in Associates	-	-	2,617	2,617
	<u>5,376</u>	<u>-</u>	<u>2,820</u>	<u>8,196</u>

Transfer between categories

There were no transfers between Level 1, Level 2 and Level 3 during the year.

29. EVENTS AFTER THE REPORTING DATE

On 26 August 2011, the Company acquired a StoneBridge Group company and its Private Client Advisor network, staff and product platforms. This will impact the Company as it will now have a national presence and offer extended stockbroking service to its clients.

On 30 August 2011, the Company's wholly owned entity submitted an application which was approved for direct participation of ASX Clear to facilitate the Company clearing its own trades.

On 16 August 2012, the Company's wholly owned entity has entered into an agreement with Cameron Stockbrokers Limited to merge their private client advisor network into the Company.

Other than the above there are no other matters or circumstances which have arisen since 30 June 2011 that have significantly affected, or may significantly affect:

- (i) the operations of the Company and its wholly-owned controlled entities in future years, or
- (ii) the results of those operations in future years, or
- (iii) the state of affairs of the Company and its wholly-owned controlled entities in future years.

30. Parent Entity Information

	2011	2010
	\$'000	\$'000
Information relating to BBY Holdings Pty Limited		
Current assets	688	141
Non-current assets	13,249	10,292
Total assets	13,937	10,433
Current liabilities	462	14,312
Non-current liabilities	16,747	-
Total liabilities	17,209	14,312
Issued capital	16,601	13,601
Retained earnings	(19,873)	(17,480)
Reserve	-	-
Total shareholder's equity	(3,272)	(3,879)
Loss of the parent entity	2,393	5,015
Total comprehensive loss of the parent entity	2,393	5,015
Details of contingent liabilities of the parent entity	Refer to Note 22	

The Parent entity has no guarantee and capital commitments as at balance sheet date.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 8 to 32 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance, for the financial year ended on that date; and
 - (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
2. the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and
3. there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

Director



Glenn Rosewall

Dated: 23 May 2013