BBY HOLDINGS PTY LTD

A.B.N 48 075 187 432

ANNUAL REPORT 30 JUNE 2013

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FOR THE YEAR ENDED 30 JUNE 2013

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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 2013.

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 (resigned on 20 March 2015)

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 $43.86m (2012: $43.61m). The major reason for the change was due to decreased revenues from broking activities in the 2013 year.

Operating results

The amount of consolidated loss after income tax expense/benefit was $1.93m which compares with a gain of $0.15m last year. The major reason for the decrease in the consolidated loss was due to impairment of receivables during the year of $1.175m and fair value movement in financial assets.

Financial position

The net assets of the consolidated group have decreased by $2m from $9.37m in 2012 to $7.37m at 30 June 2013.

4. **Dividends**

During the year, the directors of the Company recommended that no dividend be paid for the year ended 30 June 2013 (2012: nil).

5. Significant changes in the state of affairs

No significant changes in the consolidated entity's state of affairs occurred during the financial year.

6. Matters subsequent to the end of the financial year

Other than those detailed in Note 27, there are no matters or circumstances which have arisen since 30 June 2013 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

Sta Director Name & Qualifications	Age	Experience & Special Responsibilities
G A Rosewall B.Econ, CA	52	Executive Chairman. 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.
D J Perkins B.Juris. LLB, Grad Dip CM, FAICD, FCIS. Solicitor & Notary Public	60	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.
K R Rosewall	78	Director. Mr Rosewall was 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. 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.

Company Secretary Name & Qualifications	Age	Experience & Special Responsibilities
A N Maharaj CA (NZ), B Comm/B Science (resigned on 20 March 2015)	41	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.

10. Meeting of directors

Director	Number eligible to attend	Number attended
G Rosewall	3	3
D Perkins	3	3
K R Rosewall	3	3

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 any such proceedings in which relief is granted under the Corporations Act 2001.

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 18: Key Management Personnel

(b) Note 22: 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.

Glenn Rosewall
Director

Sydney
30 March 2015

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Australia

DECLARATION OF INDEPENDENCE BY TIM SYDENHAM TO THE DIRECTORS OF BBY HOLDINGS PTY LIMITED

As lead auditor of BBY Holdings Pty Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of 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.

This declaration is in respect of BBY Holdings Pty Limited and the entities it controlled during the period.

Tim Sydenham
Partner

BDO East Coast Partnership

Sydney, 30 March 2015

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Entity 2013 $'000	2012 $'000
Revenue	3	39,764	35,393
Other Income	3	4,100	8,218
Expenses			
Consultancy Expense		2,181	1,965
Transaction and information expense		24,667	20,773
Employee benefit expense		10,458	11,325
Occupancy expense		2,220	2,375
Communication expense		1,010	1,177
Depreciation and amortisation expense		137	122
Travel and entertainment expense		567	755
Legal and professional fees		569	40
Finance Costs		539	528
Other expense		700	1,954
Write off of leasehold improvements		3	-
Impairment of trade receivables		1,175	1
Loss on fair value through profit and loss financial assets		1,585	868
Loss on derivative financial asset		-	1,503
Loss before income tax expense	4	(1,947)	225
Income tax expense/(benefit)	5	(20)	74
Loss after income tax expense		**(1,927)**	**151**
Net loss attributable to members of BBY Holdings Pty Limited		**(1,927)**	**151**
Other Comprehensive Income		(190)	-
Total Comprehensive Income		**(2,117)**	**151**
Loss for the year is attributable to:			
Equity holders of the company		**(1,868)**	**151**
Non-controlling interest		**(59)**	**-**
		(1,927)	**151**
Total comprehensive income attributable to:			
Equity holders of the Company		**(2,058)**	**151**
Non-controlling interest		**(59)**	**-**
		(2,117)	**151**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Entity 2013 $'000	2012 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	6,402	4,986
Trade and other receivables	8	59,376	69,089
Current tax asset	13	-	162
Other financial assets	9	2,827	2,621
Other assets	10	133	43
TOTAL CURRENT ASSETS		68,738	76,901
NON-CURRENT ASSETS			
Other financial assets	9	7,883	6,953
Property, plant and equipment	11	245	222
Deferred tax asset	13	888	694
TOTAL NON-CURRENT ASSETS		9,016	7,869
TOTAL ASSETS		77,754	84,770
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	64,673	72,227
Borrowings	16	4,500	-
Provisions	15	992	887
TOTAL CURRENT LIABILITIES		70,165	73,114
NON-CURRENT LIABILITIES			
Borrowings	16	-	2,000
Provisions	15	215	282
Deferred tax liabilities	13	3	5
TOTAL NON-CURRENT LIABILITIES		218	2,287
TOTAL LIABILITIES		70,383	75,401
NET ASSETS		**7,371**	**9,369**
EQUITY			
Issued capital	17	16,601	16,601
Reserves		(83)	107
Accumulated losses		(9,207)	(7,339)
Equity attributable to owners of the Company		**7,311**	**9,369**
Non-controlling interests		60	-
TOTAL EQUITY		**7,371**	**9,369**

The accompanying notes form part of these financial statements.

Attributable to equity holders of the consolidated entity

	Ordinary share Capital	Non-cumulative redeemable preference shares	Retained Earnings / (Accumulated Losses)	Financial Asset Reserve	Foreign Currency Translation Reserve	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2011	16,101	500	(7,490)	2,507	107	11,725	-	11,725
Revaluation of available for sale financial assets	-	-	-	(2,507)	-	(2,507)	-	(2,507)
Adjustments from translation of foreign controlled entities	-	-	-	-	-	-	-	-
Net loss attributable to members of the company	-	-	151	-	-	151	-	151
Total Comprehensive Income for the year	-	-	**151**	-	-	**151**	-	**151**
Contribution to Equity	-	-	-	-	-	-	-	-
Balance at 30 June 2012	16,101	500	(7,339)	-	107	9,369	-	9,369
Balance at 1 July 2012	16,101	500	(7,339)	-	107	9,369	-	9,369
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	119	119
Adjustments from translation of foreign controlled entities	-	-	-	-	(190)	(190)	-	(190)
Net loss attributable to members of the company	-	-	(1,868)	-	-	(1,868)	(59)	(1,927)
Total Comprehensive Income for the year	-	-	**(1,868)**	-	**(190)**	**(2,058)**	**(59)**	**(2,117)**
Contribution to Equity	-	-	-	-	-	-	-	-
Balance at 30 June 2013	16,101	500	(9,207)	-	(83)	7,311	60	7,371

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Entity 2013 $'000	2012 $'000
Cash flows from operating activities			
Receipts from customers		36,157	30,734
Payment to suppliers & employees		(39,846)	(37,927)
Interest received		3,216	2,974
Finance costs paid		(539)	(528)
Income tax refund/(paid)		(34)	(1,314)
Net cash used in operating activities	25(b)	(1,046)	(6,061)
Cash flows from investing activities			
Payments for plant and equipment		(163)	(97)
Net (payments for purchase)/proceeds from sale of investment securities		125	3,031
Net cash (used in)/provided by investing activities		(38)	2,934
Cash flows from financing activities			
Amounts advanced from related parties		2,500	1,540
Net cash provided by financing activities		2,500	1,540
Net increase/(decrease) in cash held		1,416	(1,587)
Cash at beginning of financial year		4,986	6,573
Cash at end of financial year	25(a)	6,402	4,986

The accompanying notes form part of these financial statements.

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 year were providing stockbroking and corporate advisory services to institutional, corporate, retail and online clients.

Basis of preparation

The financial statements are general purpose which have 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 its 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 2013. The comparative reporting period ended at 30 June 2012.

Registered Office
Level 17
60 Margaret Street
Sydney NSW 2000
Australia

Authorisation of financial report

The financial report was authorised for issue on 30 March 2015 by the Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending accounting standards and interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.
The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the company.

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 the reporting date.

Deferred tax is accounted for using the statement of financial position 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 financial 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 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 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.

(c) Tax Consolidation

The parent entity of this tax consolidation group was BBY Holdings Pty Ltd from 1 July 2003. Each entity in the group recognizes its own current and deferred tax assets and liabilities. Such taxes are measured using the "stand-alone taxpayer" approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has entered a tax funding arrangement whereby each company to the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. The deferred tax liabilities of the individual entities are reflected in the accounts of the individual entities.

(d) 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.

(e) Revenue recognition

Brokerage revenue is stated gross of commission rebates when a contract note for the sale or purchase of shares is raised.

Revenue in respect of corporate fees is stated gross of sub-underwriter fees and 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.

Dividend income is recognised on an accrual basis.

(f) 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 the Statement of Comprehensive Income 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 Statement of Comprehensive Income.

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 the Statement of Comprehensive Income 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 subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity investments
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 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 reporting date.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income 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.

Effective interest method
The effective interest method is the method of calculating the amortised cost of a financial asset / (liability) and allocating interest income over a relevant period. The effective interest is the rate that exactly discounts estimated future cash receipts/ (payments) through the expected life of the financial asset / (liability) or, where appropriate, a shorter period.

Impairment of financial assets
The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the asset revaluation reserve.

Classification and Subsequent Measurement

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.

(g) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Trade and other creditors

Trade payables 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.

(i) 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.

(j) Provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(k) Finance costs

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

(l) 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.

(m) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

The Company holds money on behalf of clients in accordance with the client money rules of the Corporations Act, 2001 and other regulatory bodies. This money is included within trade and other receivables on the statement of financial position and the corresponding liability to clients is included in Trade and other payables. The return received on managing client balances is included within revenue.

(m) 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.

(n) 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 comprenehsive income. In assessing value in use, the estimated future cash flows discounted to their present value using a pre-tax discount rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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.

(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 initialy recgnised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the asscoiates 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 tranasactions 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 amde 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 assciates are shown at Note 10.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Adoption of new and revised accounting standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2013. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9

These standards and their consequential amendments are now applicable to annual reporting periods beginning on or after 1 January 2015 as recently announced by AASB 2011-6 'Amendments to Australian Accounting Standards – mandatory effective date and AASB 9 and transition disclosure'. AASB 9 " Financial Instruments' introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any 'recycling' of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The company will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the company.

(p) 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.

(q) 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.

	2013 $'000	2012 $'000

3. REVENUE

	2013 $'000	2012 $'000
Revenues from ordinary activities		
Brokerage, fees and commission revenue	35,238	23,700
Other income	4,418	11,592
Asset management income	108	101
	39,764	35,393
Revenues from non-ordinary activities		
Interest	3,216	2,974
Sundry income	858	987
Net realised gains on financial assets	26	4,257
	4,100	8,218
	43,864	43,611

4. PROFIT/ (LOSS) FOR THE YEAR

	2013 $'000	2012 $'000
Expenses		
Finance costs:		
- related parties	286	286
- external	253	242
Total finance costs	539	528
Corporate transaction costs	606	1,058
Commission rebates	17,341	12,489
Bad and doubtful debts	1,175	1
Depreciation and amortisation charge	137	122
Rental expense on operating leases		
- minimum lease payments	2,220	2,375
Provision for employee entitlements	749	767
Foreign currency translation losses	11	95
Directors Fees	50	50
Loss on derivative financial asset	-	1,503

5. INCOME TAX EXPENSE/(BENEFIT)

	2013 $'000	2012 $'000
(a) Income tax expense/(benefit)		
Income tax comprises:		
Current	(20)	74
	(20)	74
(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	(1,947)	(475)
Prima facie tax payable on profit /(loss) before income tax at 30% (2012: 30%)	(584)	(143)
Add tax effect of:		
Tax losses not recognised	357	1,023
Non-deductible entertainment expenses	22	(36)
Other non-deductible expenses	34	46
Non-assessable income/(loss)	-	75
Tax losses carried forward	(35)	(891)
	378	217

	2013 $'000	2012 $'000
5. INCOME TAX EXPENSE/ (BENEFIT) (continued)		
Less tax effect of:		
Under/ (Over) provision in prior year	186	-
	186	-
Income tax expense/ (benefit) attributable to entity	(20)	74

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.

	2013 $'000	2012 $'000
No part of the future income tax benefit shown in note 13 is attributable to tax losses. The directors estimate that the potential future income tax benefit at 30 June 2013 in respect of tax losses not brought to account is;	3,380	3,023

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.

	2013 $	2012 $
6. DIVIDENDS		
It was recommended that no dividend be paid for the year ended 30 June 2013 (2012:nil)	-	-
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.

	2013 $'000	2012 $'000
7. CASH AND CASH EQUIVALENTS		
CURRENT		
Cash at bank	6,402	4,986
	6,402	4,986

8. TRADE AND OTHER RECEIVABLES

	2013 $'000	2012 $'000
CURRENT		
Trade debtors	4,609	4,819
Allowance for doubtful debts	(1,175)	-
	3,434	4,819
Clearing receivables	8,030	8,271
Segregated assets	45,438	55,923
Other debtors	2,474	76
	59,376	69,089

Further information relating to loans to director-related entities is set out in note 22.

As at 30 June 2013, the ageing of trade debtors and other debtors shown above is as follows:

	2013 $'000	2012 $'000
Not past due	2,016	4,460
Past due: 0 -30 days	2	108
Past due: 31 -60 days	12	4
Past due: 61 + days	1,403	247
Closing balance	3,434	4,819

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

	2013 $'000	2012 $'000
CURRENT		
Available-for-sale financial assets - listed investments	-	2,398
Fair value through profit and loss financial assets - shares in listed corporations	2,827	223
	2,827	2,621
NON-CURRENT		
Unlisted investments, at cost		
- shares in other corporations	-	1,365
- loans and receivables - convertible notes (a)	7,883	5,588
	7,883	6,953

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.

Subsequent to year end, $7.883m of the FSE convertible notes have been sold and transferred to director related entities, $5.868m of consideration were received and $2.015m were transferred to director related entities by way of reducing the loan owing to the Directors as disclosed in note 16.

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.

	2013 $'000	2012 $'000
10. OTHER ASSETS		
CURRENT		
Prepayments	133	43
	133	43

	2013 $'000	2012 $'000
11. PROPERTY, PLANT AND EQUIPMENT		
NON-CURRENT		
Plant and equipment		
Plant and equipment - at cost	965	1,777
Accumulated depreciation	(720)	(1,555)
	245	222

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 12.

12. 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 2011	165	-	82	247
Additions	97	-	-	97
Fixed asset write off	-	-	-	-
Depreciation expense	(72)	-	(50)	(122)
Carrying amount at 30 June 2012	190	-	32	222
Additions	146	13	4	163
Fixed asset write off	(15)	-	(2)	(17)
Depreciation expense	(104)	-	(19)	(123)
Carrying amount at 30 June 2013	217	13	15	245

13. CURRENT AND DEFERRED TAX

	2013 $'000	2012 $'000
CURRENT		
Current tax assets	-	162
	-	162
NON-CURRENT		
Deferred tax assets	888	694
	888	694
Deferred tax liabilities	3	5
	3	5
(a) Assets		
Deferred tax assets comprise:		
- Employee provisions	362	351
- Accruals	181	181
- Other	345	162
	888	694
(b) Liabilities		
Deferred tax liabilities comprise:		
- Financial assets	-	-
- Unrealised foreign exchange	-	-
- Other	3	5
	3	5
(c) Reconciliations		
The overall movement in the deferred tax accounts are as follows:		
Deferred tax assets;		
Opening balance	694	694
(Debit)/ Credit to statement of comprehensive income	194	0
Closing balance	888	694
Deferred tax liabilities;		
Opening balance	5	5
Charge to equity	-	(1,074)
Debit/(Credit) to statement of comprehensive income	(2)	1,074
Closing balance	3	5

14. TRADE AND OTHER PAYABLES

	2013 $'000	2012 $'000
CURRENT		
Trade creditors	2,920	5,395
GST payables	523	526
Segregated liabilities	45,438	61,441
Bank overdraft	7,999	-
Accruals	3,742	2,656
Group tax clearing	1,381	1,351
Other creditors	2,671	859
	64,673	72,227

	2013 $'000	2012 $'000

15. PROVISIONS

	2013 $'000	2012 $'000
CURRENT		
Employee entitlements	992	887
	992	887
NON-CURRENT		
Employee entitlements	215	282
	215	282

	2013 $'000	2012 $'000
Analysis of Total Provisions		
Opening Balance	1,169	1,117
Additional provisions raised	39	52
Closing balance as at 30 June 2013	1,208	1,169

16. BORROWINGS

Financing arrangements

	2013 $'000	2012 $'000
CURRENT		
Short-term borrowings - Director	4,500	-
NON-CURRENT		
Long term borrowings - Director	-	2,000

Subsequent to year end, $2.015m of the director loans were transferred to the purchase of $2.015m FSE convertible notes.

Access was available at reporting date to the following lines of credit:

	2013 $'000	2012 $'000
Total facilities;		
Overdraft facility	8,000	3,000
Guarantee facility	1,023	1,065
	9,023	9,065
Used at balance date;		
Overdraft facility	8,000	700
Guarantee facility	1,023	1,065
	9,023	3,765
Unused at balance date;		
Overdraft facility	-	2,300
	-	2,300

The current interest rates for subordinated debt are 15% (2012: 9%). Interest rates on bank facilities vary with the indicator lending rate.

The bank overdraft, is used for clearing and settling transactions, which typically settle on the third day after transaction date. The facility is utilised by the Company to assist in funding settlments on behalf of its clients. The bank overdraft offsets the clearing receivables balance of $8.030m as disclosed in note 8.

17. ISSUED CAPITAL

Ordinary Share Capital

	2013 $'000	2012 $'000
326,121,584 (2012: 326,121,584) "A" class fully paid ordinary shares	12,987	12,987
5,076,428 (2012: 5,076,428) "B" class fully paid ordinary shares	3,114	3,114
1,000 (2012:1,000) fully paid preference shares	500	500
	16,601	16,601

17. ISSUED CAPITAL (continued)

Ordinary shares are classified as equity.

(a) Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the

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

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.

18. 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	Executive Chairman
Mr K R Rosewall	Non-Executive Director
Mr D Perkins	Non-executive Director
Mr A Maharaj	Chief Executive Officer and Company Secretary
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	
	Sarlary & Fees	Bonus	Deferred Bonus	Long Service Leave	Superannuation Contribution	Other	Total
	$	$	$	$	$	$	$
2013							
Total Compensation	744,727	-	-	-	85,368	-	830,095
2012							
Total Compensation	762,656	-	-	-	56,497	-	819,153

19. AUDITORS REMUNERATION

	2013	2012
	$	$
Audit of the financial reports of the company	163,000	179,000
Taxation Services	35,000	28,150
	198,000	207,150

20. CONTINGENT LIBAILITIES 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.

21. CAPITAL AND LEASING COMMITMENTS

	2013 $'000	2012 $'000
Operating lease commitments		
Non-cancellable operating leases contracted but not capitalised in the financial statements		
- no later than 12 months	1,989	1,958
- between 12 months and 5 years	8,171	8,380
- over 5 years	-	1,741
	10,160	12,079

The above commitments are in relation to non-cancellable operating leases for properties over various terms, expiring between March 2017 and June 2018.

22. 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 2013 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 $69,996 (2012: $76,728) 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, a loan amounting to $2,500,000 was received from Director related entities, $500,000 was from Ficema Pty Limited and $2,000,000 was from GARF Pty Limited. The loan is subjected to a 15% interest charge per annum.

Remuneration Benefits

Information on remuneration of directors is disclosed in note 18.

22. RELATED PARTY INFORMATION (continued)

Wholly-owned group

The wholly-owned group as at 30 June 2013 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;
- BBY Advisory Services Pty Limited;
- Jaguar Asset Management Limited;
- Jaguar Funds Management Pty Limited
- BBY (Dubai) Limited; and
- SmarTrader Limited

Transactions between BBY Holdings Pty Limited and other entities in the wholly-owned group during the year ended 30 June 2013 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.

Parent Entity

The ultimate parent entity of BBY Holdings Pty Ltd is BBY Staff Holdings Pty Ltd, which at 30 June 2013 owned 87.31% (2012: 82%) of the issued ordinary shares of BBY Holdings Pty Ltd

Other related parties

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

- Jefferies & Company incorporation (USA) which at 30 June 2013 owned 1.2% (2012: 1.2%) of the issued ordinary shares of BBY Holdings Pty Ltd;
- Ficema Pty Limited which at 30 June 2013 owned a non-controlling interest of 1.6% (2012: 1.6%) in BBY Holdings Pty Limited;
- Olive Pacific Pty Limited which at 30 June 2013 owned a non-controlling interest of 9.9% (2012: 9.9%) in BBY Holdings Pty Limited;
- BBY Staff Nominee Pty Ltd for which BBY Staff Holdings Pty Ltd is 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:

	2013 $'000	2012 $'000
Finance Costs		
Other related parties	286	286

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

Current financial liabilities:		
Loans payable to Director-related entities (note 16)	4,500	2,000

23. INVESTMENT IN CONTROLLED ENTITIES

Name of entity/ Country of incorporation		Carrying amount of investments 2013 $	2012 $
Broker Services Australia Pty Ltd	Australia	2,336,067	2,336,067
BBY Limited	Australia	6,806,918	6,806,918
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
Smartrader Limited	Australia	74,063	74,063

24. SEGMENT INFORMATION

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

	2013 $'000	2012 $'000

25. 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:

	2013	2012
	6,402	4,986
Cash on hand (note 7)	6,402	4,986

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

	2013	2012
Loss after income tax	(1,927)	(549)
Write down and unrealised loss/(gain) on investments	26	(1,473)
Leasehold improvements write off	3	-
Foreign exchange variation	(71)	161
Depreciation and amortisation	123	(122)
Revaluation of listed shares	1,585	-
Write-back of interest write-off	(4,070)	-
Impairment of receivables	1,175	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	7,426	(5,648)
(Increase)/decrease in prepayments	(266)	81
Increase/(decrease) in trade and other creditors	(5,055)	2,694
Increase/(decrease) in provisions	39	52
Increase/(decrease) in tax related balance	(196)	(1,257)
Increase/(decrease) in current tax assets	162	-
Net cash outflows used in operating activities	**(1,046)**	**(6,061)**

26. 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.

26. 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 $1,536,000 in the current year (2012:$1,441,825). A decrease of 200 basis points would have reduced profit before tax and net assets by $2,886,611 (2012:$1,441,825).

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:

	2012	
	Financial Assets $'000	Financial Liabilities $'000
US Dollars	386	103
Great British Pounds	31	189
Euro	92	-
Canadian Dollars	109	-
	618	292

	2013	
	Financial Assets $AUD	Financial Liabilities $AUD
US Dollars	183	-
Great British Pounds	51	-
Euro	43	-
Canadian Dollars	60	-
	337	-

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.

	2012	
	10% Favourable $'000	10% Adverse
Profit/ (loss)	61	(61)
	61	(61)

	2013	
	10% Favourable $'000	10% Adverse
Profit/ (loss)	34	(34)
	34	(34)

26. 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.

2013

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	2,920	-	-	-	2,920
Sundry Payables and accrued expenses	8,316	-	-	-	8,298
Total	11,236	-	-	-	11,218

2012

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	4,395	-	-	1,000	5,395
Sundry Payables and accrued expenses	62,661	1,575	3,297	-	67,533
Borrowings - Subordinated debt	-	-	-	-	-
Total	67,056	1,575	3,297	1,000	72,928

26. 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 2013, the total value of the investments designated as fair value through profit and loss at the year end date is $2,560,187 (2012: $222,660)

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 $16,405 (2012: $22,266) would occur.

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 ABN AMRO Clearing Sydney Pty Limited, who is 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.

26. FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30-Jun-13				
Financial assets at fair value through profit or loss				
Listed investments - shares in listed corporations	2,827	-	-	2,827
Available-for-sale financial assets				
Listed investments - shares in listed corporations	-	-	-	-
Loan and receivable - convertible notes	7,883	-	-	7,883
Derivative financial assets	-	-	-	-
Unlisted investments				
- shares in other corporations	-	-	-	-
	10,710	-	-	10,710
30-Jun-12				
Financial assets at fair value through profit or loss				
Listed investments - shares in listed corporations	-	-	-	223
Available-for-sale financial assets				
Listed investments - shares in listed corporations	2,398	-	-	2,398
Loan and receivable - convertible notes	5,588	-	-	5,588
Derivative financial assets	-	-	-	-
Unlisted investments				
- shares in other corporations	-	-	1,365	1,365
	8,209	-	1,365	9,574

Transfer between categories

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

27. EVENTS AFTER THE REPORTING DATE

In December 2014, 5.868m of the Firestone Convertible Notes held by the Group were sold to Director related entities at face value of $1 per note for total consideration of $5.868m.

In January 2015, it was agreed between the Directors that the loan of $4.500m from the directors as at 30 June 2013 will contribute to the purchase of a further of 2.015m Firestone Convertible Notes for total consideration of $2.015m.

Since 30 June 2013, a claim has been received by the Company. The Company intends to defend the claim and based on advice received from the Company's lawyers, the Directors are of the view that no significant additional liability will arise.

Other than the above there are no other matters or circumstances which have arisen since 30 June 2013 that have significantly

(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.

28. Parent Entity Information

	2013 $'000	2012 $'000
Information relating to BBY Holdings Pty Limited		
Current assets	(18,208)	(16,043)
Non-current assets	18,685	12,973
Total assets	477	(3,070)
Current liabilities	8,885	3,612
Non-current liabilities	-	-
Total liabilities	8,885	3,612
Issued capital	16,601	16,601
Retained earnings	(22,821)	(23,283)
Reserve	-	-
Total shareholder's equity	(6,220)	(6,682)
Loss of the parent entity	239	3,410
Total comprehensive loss of the parent entity	239	3,410
Details of contingent liabilities of the parent entity	Refer to Note 20	

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

BDO

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INDEPENDENT AUDITOR'S REPORT

To the members of BBY Holdings Pty Limited

Report on the Financial Report

We have audited the accompanying financial report of BBY Holdings Pty Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating 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 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BBY Holdings Pty Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of BBY Holdings Pty Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

BDO East Coast Partnership

BDO

Tim Sydenham
Partner

Sydney, 30 March 2015

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

DIRECTORS' DECLARATION

The directors of the company declare that:

1. in the directors' opinion the financial statements and notes, as set out on pages 8 to 31 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 2014 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: 30 March 2015