

BBY HOLDINGS PTY LTD

A.B.N 48 075 187 432

ANNUAL REPORT 30 JUNE 2014

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 0432
CONTENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Page No.
Directors' Report	2
Auditors Independence Declaration	7
Statement of Profit & Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Independent Audit Report	32
Directors' Declaration	33

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

Your directors present their report on the company and its controlled entities (the "consolidated entity") for the financial year ended 30 June 2014.

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 during or since the end of the financial year unless otherwise stated:

Arun Maharaj (resigned on 20 March 2015)

2. 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.

3. Review of operations

Operating revenue

The amount of consolidated operating revenue for the year was \$49.85m (2013: \$43.86m). The major reason for the change was increased operating revenues during the 2014 year.

Operating results

The amount of consolidated profit after income tax was \$1.51m which compares with a loss of \$1.93m last year. The major reason for the increase in the consolidated profit was due to impairment charges and losses on financial assets incurred in the prior year with no corresponding losses in the current year.

Financial position

The net assets of the consolidated group have increased by \$1.53m from \$7.37m in 2013 to \$8.90m at 30 June 2014.

4. Dividends

The directors of the Company recommended that no dividend be paid for the year ended 30 June 2014 (2013: 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 2014 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.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

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	53	<p>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.</p> <p>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.</p>
D J Perkins B.Juris. LLB, Grad Dip CM, FAICD, FCIS. Solicitor & Notary Public	61	<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>
K R Rosewall	79	<p>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.</p> <p>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	Age	Experience & Special Responsibilities
A N Maharaj CA (NZ), B Comm/B Science (resigned on 20 March 2015)	41	<p>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>

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014

10. Meeting of directors

Director	Number eligible to attend	Number attended
G Rosewall	5	5
D Perkins	5	5
K R Rosewall	5	5

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

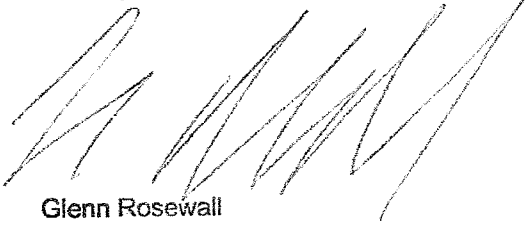
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

**BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

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



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

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 2014, 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

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity	
		2014 \$'000	2013 \$'000
Revenue	3	44,779	39,764
Other income	3	5,068	4,100
Expenses			
Consultancy expense		3,093	2,181
Transaction and information expense		28,155	24,667
Employee benefit expense		9,927	10,458
Occupancy expense		2,437	2,220
Communication expense		947	1,010
Depreciation and amortisation expense		26	137
Travel and entertainment expense		679	567
Legal and professional fees		527	569
Insurance expense		787	481
Finance costs		1,043	539
Other expense		153	219
Write off of leasehold improvements		-	3
Impairment of trade receivables		45	1,175
Loss on fair value through profit and loss financial assets		41	1,585
Profit/(loss) before income tax expense		1,987	(1,947)
Income tax (expense)/benefit	5	(480)	20
Profit/(loss) after income tax expense		1,507	(1,927)
Net profit/(loss) attributable to members of BBY Holdings Pty Limited		1,507	(1,927)
Other comprehensive income		(54)	(190)
Total comprehensive income		1,453	(2,117)
Profit/(loss) for the year is attributable to:			
Equity holders of the company		1,641	(1,868)
Non-controlling interest		(134)	(59)
		1,507	(1,927)
Total comprehensive income attributable to:			
Equity holders of the Company		1,587	(2,058)
Non-controlling interest		(134)	(59)
		1,453	(2,117)

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 2014

	Note	Consolidated Entity	
		2014 \$'000	2013 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,591	6,402
Trade and other receivables	8	60,178	59,376
Other financial assets	9	2,722	2,827
Other assets	10	1,335	133
TOTAL CURRENT ASSETS		66,826	68,738
NON-CURRENT ASSETS			
Other financial assets	9	7,883	7,883
Property, plant and equipment	11	462	245
Deferred tax asset	13	899	888
TOTAL NON-CURRENT ASSETS		9,244	9,016
TOTAL ASSETS		76,070	77,754
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	61,163	64,673
Borrowings	16	4,500	4,500
Provisions	15	1,025	982
TOTAL CURRENT LIABILITIES		66,688	70,155
NON-CURRENT LIABILITIES			
Provisions	15	482	215
Deferred tax liabilities	13	3	3
TOTAL NON-CURRENT LIABILITIES		485	218
TOTAL LIABILITIES		67,173	70,383
NET ASSETS		8,897	7,371
EQUITY			
Issued capital	17	16,601	16,601
Reserves		(137)	(63)
Accumulated losses		(7,700)	(9,207)
Equity attributable to owners of the Company		8,764	7,311
Non-controlling interests		133	60
TOTAL EQUITY		8,897	7,371

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 2014**

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 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 profit 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
Balance at 1 July 2013	16,101	500	(9,207)	-	(83)	7,311	60	7,371
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	207	207
Adjustments from translation of foreign controlled entities	-	-	-	-	(54)	(54)	-	(54)
Net profit attributable to members of the company	-	-	1,507	-	-	1,507	(134)	1,373
Total Comprehensive Income for the year	-	-	1,507	-	(54)	1,453	(134)	1,319
Contribution to Equity	-	-	-	-	-	-	-	-
Balance at 30 June 2014	16,101	500	(7,700)	-	(137)	8,764	133	8,897

The accompanying notes form part of these financial statements.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity	
		2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts from customers		47,946	36,157
Payment to suppliers & employees		(52,635)	(39,846)
Interest received		1,451	3,218
Finance costs paid		(369)	(539)
Income tax refund/(paid)		(12)	(34)
Net cash inflow/(outflow) from operating activities	25(b)	(3,819)	(1,046)
Cash flows from investing activities			
Payments for plant and equipment		(256)	(163)
Net cash (outflow)/inflow for purchase/sale of investment securities		64	125
Net cash (used in)/provided by investing activities		(192)	(38)
Cash flows from financing activities			
Amounts advanced/(received) from related parties		-	2,500
Net cash inflow/(outflow) from financing activities		-	2,500
Net decrease/(increase) in cash held		(3,811)	1,416
Cash at beginning of financial year		6,402	4,986
Cash at end of financial year	25(a)	2,591	6,402

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 2014

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 2014. The comparative reporting period ended at 30 June 2013.

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 following Accounting Standards and Interpretations are most relevant to the consolidated entity:

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BBY Holdings Pty Limited ('company') as at 30 June 2014 and the results of all subsidiaries for the year then ended. BBY Holdings Pty Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(b) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(c) Tax consolidation

BBY Holdings Pty Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity 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 in other comprehensive income through the available-for-sale reserve.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

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.

(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.

(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 and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

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

(m) Cash and cash equivalents

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.

(n) Goods and Services Tax (GST)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(o) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Standards issued not yet effective

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard 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. 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. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

(q) Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances.

The impairment of receivables assessment requires a degree of estimation and judgement. The level of provision, if any, is assessed by taking into account recent sales activity, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$'000	2013 \$'000
3. REVENUE		
Revenues from operating activities	40,455	35,238
Brokerage, fees and commission revenue	4,219	4,418
Other income	105	108
Asset management income	44,779	39,764
Income from non-operating activities		
Interest	1,451	3,216
Sundry income	3,614	858
Net realised gains on financial assets	3	26
	5,068	4,100
	49,847	43,864
4. PROFIT/ (LOSS) FOR THE YEAR		
Expenses		
Finance costs:		
- related parties	300	286
- external	743	253
Total finance costs	1,043	539
Corporate transaction costs	643	606
Commission rebates	19,770	17,341
Bad and doubtful debts	45	1,175
Depreciation and amortisation charge	26	137
Rental expense on operating leases - minimum lease payments	2,437	2,220
Provision for employee entitlements	706	749
Foreign currency translation losses	-	11
Directors Fees	50	50
5. INCOME TAX EXPENSE/(BENEFIT)		
(a) Income tax expense/(benefit)		
Income tax comprises:		
Current	480	(20)
	480	(20)
(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	1,987	(1,947)
Prima facie tax payable on profit/(loss) before income tax at 30% (2013: 30%)	596	(584)
Add tax effect of:		
Tax losses not recognised	-	357
Non-deductible entertainment expenses	38	22
Other non-deductible expenses	1,030	34
Tax losses carried forward	-	(35)
Tax losses utilised	(1,224)	-
	(156)	378

BBY HOLDINGS PTY LTD
A.B.N 48 075 167 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$'000	2013 \$'000
5. INCOME TAX EXPENSE/ (BENEFIT) (continued)		
Less tax effect of:		
Under/ (Over) provision in prior year	40	186
	40	186
Income tax expense/ (benefit) attributable to entity	480	(20)

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.

	2014 \$'000	2013 \$'000
No part of the future income tax benefit shown in note 16 is attributable to tax losses. The directors estimate that the potential future income tax benefit at 30 June 2014 in respect of tax losses not brought to account is;	2,156	3,360

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.

	2014 \$	2013 \$
6. DIVIDENDS		
It was recommended that no dividend be paid for the year ended 30 June 2014 (2013:nil)	-	-
Balance of the franking account financial year end, adjusted for franking credits arising from;		
- payment of provision for income tax	7,694,194	7,694,194
- 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.	7,694,194	7,694,194

	2014 \$	2013 \$
7. CASH AND CASH EQUIVALENTS		
CURRENT		
Cash at bank	2,591	6,402
	2,591	6,402

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$	2013 \$
8. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade debtors	3,284	4,609
Allowance for doubtful debts	-	(1,175)
	<u>3,284</u>	<u>3,434</u>
Clearing receivables	13,463	6,030
Segregated assets	40,225	45,438
Other debtors	3,206	2,474
	<u>60,178</u>	<u>59,376</u>

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

As at 30 June 2014, the ageing of trade debtors and other debtors shown above is as follows:

	2014 \$	2013 \$
Not past due	3,075	2,016
Past due: 0 -30 days	31	2
Past due: 31 -60 days	46	12
Past due: 61 + days	132	1,403
Closing balance	<u>3,284</u>	<u>3,434</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

CURRENT

Fair value through profit and loss financial assets - shares in listed corporations	2,722	2,827
	<u>2,722</u>	<u>2,827</u>

NON-CURRENT

Unlisted investments, at cost		
- loans and receivables - convertible notes (a)	7,883	7,883
	<u>7,883</u>	<u>7,883</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.

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 director, 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.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$'000	2013 \$'000
10. OTHER ASSETS		
CURRENT		
Prepayments	105	133
Term deposits	1,185	-
Other	65	-
	1,335	133
11. PROPERTY, PLANT AND EQUIPMENT		
NON-CURRENT		
Plant and equipment		
Plant and equipment - at cost	1,210	965
Accumulated depreciation	(748)	(720)
	462	245

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 2012	190	-	22	212
Additions	146	13	4	163
Fixed asset write off	(15)	-	(2)	(17)
Depreciation expense	(104)	-	(10)	(114)
Carrying amount at 30 June 2013	217	13	15	245
Additions	21	235	-	256
Fixed asset write off	-	(13)	-	(13)
Depreciation expense	(25)	-	(1)	(26)
Carrying amount at 30 June 2014	213	235	14	462

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$'000	2013 \$'000
13. DEFERRED TAX		
NON-CURRENT		
Deferred tax assets	899	888
	<u>899</u>	<u>888</u>
Deferred tax liabilities	3	3
	<u>3</u>	<u>3</u>
(a) Assets		
Deferred tax assets comprise:		
- Employee provisions	349	362
- Accruals	145	181
- Other	405	345
	<u>899</u>	<u>888</u>
(b) Liabilities		
Deferred tax liabilities comprise:		
- Financial assets	-	-
- Unrealised foreign exchange	-	-
- Other	3	3
	<u>3</u>	<u>3</u>
(c) Reconciliations		
The overall movement in the deferred tax accounts are as follows:		
Deferred tax assets;		
Opening balance	888	894
(Debit)/ Credit to statement of comprehensive income	11	194
Closing balance	<u>899</u>	<u>888</u>
Deferred tax liabilities;		
Opening balance	3	5
Charge to equity	-	-
Debit/(Credit) to statement of comprehensive income	-	(2)
Closing balance	<u>3</u>	<u>3</u>
14. TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors	3,198	2,920
GST payables	319	523
Segregated liabilities	40,225	45,438
Bank overdraft	7,891	7,999
Accruals	3,766	3,742
Group tax clearing	2,600	1,381
Other creditors	3,164	2,671
	<u>61,163</u>	<u>64,673</u>

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	2014 \$'000	2013 \$'000
15. PROVISIONS		
CURRENT		
Employee entitlements	917	992
Lease make good	108	-
	<u>1,025</u>	<u>992</u>
NON-CURRENT		
Employee entitlements	247	215
Lease make good	235	-
	<u>482</u>	<u>215</u>
Lease make good		
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.		
Movements in provisions		
Movements in each class of provision during the current financial year, are set out below:		
Analysis of Total Provisions		
Opening Balance	1,208	1,169
Additional provisions raised	300	39
Closing balance as at 30 June 2014	<u>1,508</u>	<u>1,208</u>

16. BORROWINGS

Financing arrangements

CURRENT

Short term borrowings - Director

4,500	4,500
<u>4,500</u>	<u>4,500</u>

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:

Total facilities;		
Overdraft facility	8,000	8,000
Guarantee facility	1,023	1,023
	<u>9,023</u>	<u>9,023</u>
Used at balance date;		
Overdraft facility	7,891	8,000
Guarantee facility	1,023	1,023
	<u>8,914</u>	<u>9,023</u>
Unused at balance date;		
Overdraft facility	109	-
	<u>109</u>	<u>-</u>

The current interest rates for Director's loans are 15% (2013: 15%). 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 settlements on behalf of its clients. The bank overdraft offsets the clearing receivables balance of \$13.463m as disclosed in note 8.

17. ISSUED CAPITAL

Ordinary Share Capital

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

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 number of shares held.

(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, Jaguar Advisory Services Pty Limited (group companies) and SmarTrader Pty Limited 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

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
	\$	\$	\$	\$	\$	\$	\$
2014 Total Compensation	757,834	50,000			37,666		845,500
2013 Total Compensation	744,727	-	-	-	85,368	-	830,095

19. AUDITORS REMUNERATION

Audit of the financial reports of the company
Taxation services

	2014	2013
	\$	\$
	163,000	163,000
	94,940	35,000
	<u>257,940</u>	<u>198,000</u>

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Since the reporting date, two claims were lodged against the Company. The Company intends to defend the claims and based on advice received from the Company's lawyers, the Directors are of the view that no significant liability will arise.

21. CAPITAL AND LEASING COMMITMENTS	2014	2013
	\$'000	\$'000
Operating lease commitments		
Non-cancellable operating leases contracted but not capitalised in the financial statements		
- no later than 12 months	2,064	1,989
- between 12 months and 5 years	6,066	8,171
	<u>8,130</u>	<u>10,160</u>

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 2014 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 \$70,000 (2013: \$69,996) were paid to Perkins Solicitors. David Perkins is a principal of this firm. The fees paid were under normal commercial terms and conditions.

Remuneration Benefits

Information on remuneration of directors is disclosed in note 18.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

22. RELATED PARTY INFORMATION (continued)

Wholly-owned group

The wholly-owned group as at 30 June 2014 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
- SmartTrader Limited

Transactions between BBY Holdings Pty Limited and other entities in the wholly-owned group during the year ended 30 June 2014 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 2014 owned 87.31% (2013: 87.31%) 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 2014 owned 1.2% (2013: 1.2%) of the issued ordinary shares of BBY Holdings Pty Ltd (subsequent to the year end, Jefferies & Company Incorporation (USA) agreed to sell its shareholding in BBY Holdings Pty Limited to a related party of BBY Holdings Pty Limited.
- Ficerna Pty Limited which at 30 June 2014 owned a non-controlling interest of 1.6% (2013: 1.6%) in BBY Holdings Pty Limited;
- Olive Pacific Pty Limited which at 30 June 2014 owned a non-controlling interest of 9.9% (2013: 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:

	2014 \$'000	2013 \$'000
Finance Costs		
Other related parties	300	286

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

<u>Current financial liabilities</u>		
Loans payable to Director-related entities (note 16)	4,500	4,500

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

23. INVESTMENT IN CONTROLLED ENTITIES

Name of entity/ Country of incorporation	Carrying amount of investments	
	2014 \$	2013 \$
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
Smarttrader 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.

2014 \$'000	2013 \$'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:

	2014 \$'000	2013 \$'000
Cash on hand (note 7)	2,591	6,402

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

Profit/(loss) after income tax	1,507	(1,927)
Write down and unrealised loss/(gain) on investments	41	26
PP&E write off	13	3
Foreign exchange variation	19	(71)
Depreciation and amortisation	26	123
Revaluation of listed shares	-	1,585
Write-back of interest write-off	-	(4,070)
Impairment of receivables	45	1,175
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(847)	7,426
(Increase)/decrease in other assets	(1,202)	(266)
Increase/(decrease) in trade and other creditors	(3,610)	(5,055)
Increase/(decrease) in provisions	300	39
Increase/(decrease) in deferred tax assets	(11)	(196)
Increase/(decrease) in current tax assets	-	162
Net cash outflows used in operating activities	<u>(3,619)</u>	<u>(1,046)</u>

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.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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 100 basis points would have increased profits before tax and net assets in the consolidated entity by \$507,977 in the current year (2013:\$514,770). A decrease of 100 basis points would have reduced profit before tax and net assets by \$507,977 (2013:\$514,770).

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:

	2013	
	Financial Assets \$'000	Financial Liabilities \$'000
US Dollars	183	-
Great British Pounds	51	-
Euro	43	-
Canadian Dollars	60	-
	337	-
	2014	
	Financial Assets \$'000	Financial Liabilities \$'000
US Dollars	236	10
Great British Pounds	38	-
Euro	90	-
Japanese Yen	33	-
Canadian Dollars	2	-
	399	10

The financial assets noted above mainly comprise of investments in US corporations and receivables from related parties which are denominated in US\$, GBPE, 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.

	2013	
	10% Favourable \$	10% Adverse
Profit/ (loss)	34	(34)
	34	(34)
	2014	
	10% Favourable \$	10% Adverse
Profit/ (loss)	40	(40)
	40	(40)

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.

2014

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	3,198	-	-	-	3,198
Sundry Payables and accrued expenses	8,849	-	-	-	8,849
Make good provision	108	-	-	235	344
Total	13,155	-	-	235	13,391

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

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. At 30 June 2014, the total portfolio amounted to \$164,005 (2013: \$164,005). A 10% movement of the respective market benchmarks, which is considered a reasonable movement and approximate indicator of the portfolio would have not have a material effect.

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.

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 432
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

26. FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
30-Jun-14				
<i>Financial assets at fair value through profit or loss</i>				
Listed investments - shares in listed corporations	2,722	-	-	2,722
<i>Available-for-sale financial assets</i>				
Listed investments - shares in listed corporations	-	-	-	-
Loan and receivable - convertible notes	7,883	-	-	7,883
Derivative financial assets	-	-	-	-
Unlisted investments - shares in other corporations	-	-	-	-
	10,605	-	-	10,605
30-Jun-13				
<i>Financial assets at fair value through profit or loss</i>				
Listed investments - shares in listed corporations	2,827	-	-	2,827
<i>Available-for-sale financial assets</i>				
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

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 2014 will contribute to the purchase of a further of 2,015m Firestone Convertible Notes for total consideration of \$2,015m.

Since 30 June 2014, 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 2014 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.

28. Parent Entity Information

	2014	2013
	\$'000	\$'000
Information relating to BBY Holdings Pty Limited		
Current assets	(13,429)	(18,208)
Non-current assets	13,262	18,685
Total assets	(167)	477
Current liabilities	5,523	8,885
Total liabilities	5,523	8,885
Issued capital	16,601	16,601
Retained earnings	(22,513)	(22,821)
Total shareholder's equity	(5,912)	(6,220)
Loss of the parent entity	(308)	239
Total comprehensive loss of the parent entity	(308)	239
Details of contingent liabilities of the parent entity	Refer to Note 20	

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



Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

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 2014, 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 2014 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
A handwritten signature in black ink, appearing to read 'Tim Sydenham', written over the printed name.

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. 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 2013 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

