

BBY LIMITED

A.B.N 80 006 707 777

ANNUAL REPORT 30 JUNE 2011

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

1. Directors

The names of directors in office at any time during or since the end of the year are:

G A Rosewall
D 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 and at the end of the financial year:

Arun Maharaj

2. Principal activities

The principal activities of the consolidated entity during the year were providing stockbroking and corporate advisory services to institutional and corporate clients.

3. Review of operations

Operating revenue

The amount of consolidated income for the year was \$29.9m (2010: \$22.3m). The major reason for the change was increased revenues from gain in investments and broking activities in the 2011 year.

Operating results

The amount of consolidated loss after income tax expense was \$0.5m which compares with a loss of \$0.05m last year. The major reason for the increase of consolidated loss was an increase in transaction expense.

Financial position

The net assets of the consolidated entity have increased by \$3.4m from \$19.7m in 2010 to \$23.1m in 2011.

4. Dividends

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

5. Significant Changes in State of Affairs

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

6. Events Subsequent to Reporting Date

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

On 30 August 2011, the Company submitted an application to qualify for a direct participation of ASX Clear to facilitate the Company clearing its own trades.

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

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

7. Future Developments, Prospects and Business Strategies

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

8. Environmental Issues

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

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

Director Name & Qualifications	Age	Experience & Special Responsibilities
G A Rosewall B.Econ, CA	50	Chairman and Chief Executive Officer. More than 25 years experience in domestic and international markets and has been directly involved in many of the largest transactions in Australia. Mr Rosewall is also a Master Stockbroker.
D Perkins B.Juris. LLB, Grad Dip CM, FAICD, FCIS. Solicitor & Notary Public	57	Director. Chairman of the Company's 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.

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

Director Name & Qualifications	Age	Experience & Special Responsibilities
K R Rosewall	76	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

Arun Maharaj CA (NZ), B Comm/B Science	39	Chief Financial Officer. Chartered Accountant with over 15 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.
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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. Indemnifying Officers or Auditors

BBY Limited ("BBY"), pays insurance premiums in respect of directors' and officers' liability insurance for current and former officers of BBY, and its controlled and associated entities.

The officers of BBY covered by the insurance include the directors and officers of the Company named in section 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 BBY 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.

11. Indemnifying Officers or Auditors (continued)

The officers are also indemnified out of the property of BBY 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.

No amount was paid in relation to the auditors.

12. Directors' benefits

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

- (a) Note 17: Key Management Personnel Compensation
- (b) Note 21: Related Party Information

13. Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding 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 company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

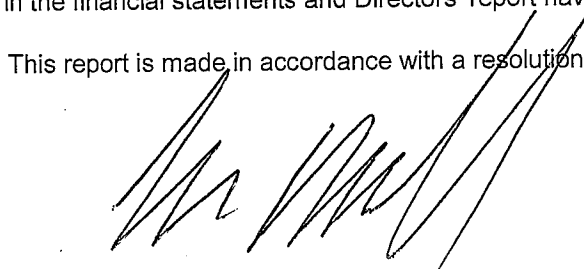
15. Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

16. Rounding off of amounts to the nearest thousand dollar

The parent 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 September 2011



Chartered Accountants
& Business Advisers

Auditor's independence declaration under Section 307C of the Corporations Act 2001

To : The members of BBY Limited

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Tim Sydenham
Partner

PKF
Sydney
30 September 2011

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BBY LIMITED
A.B.N. 80 006 707 777
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011 \$'000	2010 \$'000
Revenues	4	25,946	20,277
Other income	4	4,024	2,020
Consultancy expense		1,134	778
Transaction expense		13,468	7,346
Management fee expense		11,057	10,060
Occupancy expense		932	892
Communication expense		614	511
Travel and entertainment expense		420	375
Legal and professional fees		445	446
Finance costs	5	92	71
Other expenses		2,374	1,626
(Loss)/profit before income tax	5	(566)	192
Income tax benefit/(expense)	6	42	(246)
Net loss attributable to members of the parent entity		<u>(524)</u>	<u>(54)</u>
Other Comprehensive Income			
Gain on the revaluation of available for sale financial assets (net of tax)		904	557
Total Comprehensive income attributable to owners of BBY Limited		<u>380</u>	<u>503</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BBY LIMITED
A.B.N. 80 006 707 777
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated	
		2011 \$'000	2010 \$'000
CURRENT ASSETS			
Cash and cash equivalents	7	6,340	7,259
Trade and other receivables	8	13,613	12,452
Other financial assets	10	4,776	3,026
Other assets	11	93	41
TOTAL CURRENT ASSETS		<u>24,822</u>	<u>22,778</u>
NON-CURRENT ASSETS			
Deferred tax asset	9	86	155
Other financial assets	10	6,033	2,429
TOTAL NON-CURRENT ASSETS		<u>6,119</u>	<u>2,584</u>
TOTAL ASSETS		<u>30,941</u>	<u>25,362</u>
CURRENT LIABILITIES			
Trade and other payables	12	5,841	3,693
Provisions	14	-	140
TOTAL CURRENT LIABILITIES		<u>5,841</u>	<u>3,833</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities	9	1,136	726
Long-term borrowings	13	843	1,062
Provisions	14	-	-
TOTAL NON-CURRENT LIABILITIES		<u>1,979</u>	<u>1,788</u>
TOTAL LIABILITIES		<u>7,820</u>	<u>5,621</u>
NET ASSETS		<u>23,121</u>	<u>19,741</u>
EQUITY			
Issued capital	15	11,438	8,438
Reserves		2,607	1,703
Retained profits	16	9,076	9,600
TOTAL EQUITY		<u>23,121</u>	<u>19,741</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

BBY LIMITED
A.B.N. 80 006 707 777
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Share Capital Ordinary	Non- Cumulative redeemable preference shares	Retained Profits	Financial Assets Reserve	General Reserves	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2009	7,938	500	9,654	1,046	100	19,238
Net loss for the year	-	-	(54)	-	-	(54)
Revaluation of available for sale financial assets	-	-	-	557	-	557
Total comprehensive income for the year	-	-	(54)	557	-	503
Balance at 30 June 2010	7,938	500	9,600	1,603	100	19,741
Balance at 1 July 2010	7,938	500	9,600	1,603	100	19,741
Net loss for the year	-	-	(524)	-	-	(524)
Revaluation of available for sale financial assets	-	-	-	904	-	904
Total comprehensive income for the year	-	-	(524)	904	-	380
Contribution to Equity	3,000	-	-	-	-	3,000
Balance at 30 June 2011	10,938	500	9,076	2,507	100	23,121

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BBY LIMITED
A.B.N. 80 006 707 777
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Consolidated	
		2011 \$'000	2010 \$'000
Cash flow from operating activities			
Receipts from customers		28,547	20,454
Payments to suppliers and employees		(29,915)	(21,216)
Interest received		598	218
Finance costs paid		(92)	(60)
Income tax paid		-	-
Net cash outflow from operating activities	24 (b)	<u>(862)</u>	<u>(604)</u>
Cash flow from investing activities			
Net cash (outflow)/inflow for purchase/sale of investment securities		<u>(2,380)</u>	150
Net cash (outflow)/inflow from investing activities		<u>(2,380)</u>	150
Cash flow from financing activities			
Amount advanced (from)/to related parties		(677)	994
Proceeds from issue of share capital		3,000	-
Net cash inflow from financing activities		<u>2,323</u>	<u>994</u>
Net (decrease)/increase in cash held		(919)	540
Cash at the beginning of the financial year		7,259	6,719
Cash at the end of the financial year	24 (a)	<u>6,340</u>	<u>7,259</u>

Financing arrangements are set out in note 13 to the consolidated financial statements.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1: Introduction

The financial statements covers BBY Limited and its controlled entities. BBY Limited is an unlisted public company incorporated and domiciled in Australia.

Operations and principal activities

The principal activities of the consolidated entity constituted by the company and the entities it controlled during the financial year were providing stockbroking and corporate finance services to institutional and corporate clients.

Currency

The financial report is presented in Australian dollars (and rounded to the nearest thousand dollars) which is the consolidated entity's presentation and functional currency.

Reporting Period

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

Registered office and principal place of business

Level 17
60 Margaret Street
Sydney NSW 2000
Australia

Authorisation of the financial statements

The financial statements were authorised for issue on 30 September 2011 by the Directors.

Note 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.

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 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.

Accounting Policies

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

(a) Principles of consolidation

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

A list of controlled entities is contained in note 21 to the financial statements. All controlled entities have a 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 consistencies with those policies applied by the parent entity.

Note 2: Summary of Significant Accounting Policies (continued)

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.

Note 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

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.

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.

Note 2: Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

The 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 Statement of Comprehensive Income unless they are designated as hedges.

Fair value

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

Note 2: Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

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.

(e) Leased non-current assets

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

(g) Trade payables 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.

(h) Interest bearing liabilities

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

Note 2: Summary of significant accounting policies (continued)

(i) 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.

(j) 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.

(k) 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.

(l) 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.

Note 2: Summary of significant accounting policies (continued)

(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.

Since 1 October 2010, BBY Limited became part of a GST consolidated group with BBY Holdings being the head entity. All GST payable/receivable by the group to the ATO is now recognised by the head entity.

(n) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible 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.

(o) Standards issued not yet effective

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 2011. 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

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to 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. 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.

Note 2: Summary of significant accounting policies (continued)

(o) Standards issued not yet effective (continued)

AASB 124 Related Party Disclosures (December 2009)

This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the company.

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the company when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the company continues to have a continuing exposure to the asset after the sale.

Note 3: Critical accounting judgements, estimates and assumptions

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 resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Note 4: Revenue

	Consolidated	
	2011 \$'000	2010 \$'000
Revenue from operating activities		
Commission revenue	17,740	11,050
Corporate & Advisory fees	8,162	9,209
Other income	44	18
	25,946	20,277
Revenues from non-operating activities		
Sundry Income	325	409
Interest - other	598	218
Interest - convertible notes	300	-
Net gains on financial assets	2,623	1,393
Foreign currency translation gain	178	-
	4,024	2,020
	29,970	22,297

Note 5: (Loss)/Profit for the Year

Expenses

Finance costs:		
- related parties	65	70
- external	27	1
Total finance costs	92	71
Rental expense on operating leases		
- minimum lease payments	932	892
Corporate transaction costs	817	1,880
Commission rebates	7,558	1,399
Foreign currency translation losses	-	23
Management fee expense – related entities (a)	11,057	10,060
Loss on fair value through the profit & loss financial assets	900	64
Impairment of Trade Receivables	-	301
Loss on derivative financial asset	300	-

(a) Broker Services Australia Pty Ltd ("BSA") and BBY Holdings Pty Limited, related entities of BBY Limited (BBY Staff Holdings Pty Ltd is the ultimate parent entity for both companies) provide services to the Company including the provision of staff, equipment and management services at cost. A management fee of \$11,057,000 (2010: \$10,060,000) was charged to BBY from BSA and BBY Holdings during the year for the services provided. Accordingly, BBY Limited has no employees at the reporting date (2010: Nil).

Note 6: Income tax expense/(benefit)

	2011 \$'000	Consolidated 2010 \$'000
(a) Income tax expense/(benefit)		
Income tax comprises:		
Current	(42)	246
(b) The prima facie tax on (loss)/profit before income tax is reconciled to the income tax as follows:		
(Loss)/profit before income tax expense/(benefit)	(566)	192
Income tax calculated at 30% (2010: 30%)	(170)	57
Add:		
Tax effect of:		
Non-deductible entertainment expenses	26	28
Other non-deductible expenses	62	11
Under provision for income tax in prior year	40	150
Income tax (benefit) / expense attributable to the entity	(42)	246

Note 7: Cash and Cash equivalents

	Consolidated	
	2011 \$'000	2010 \$'000
CURRENT		
Cash at bank	6,340	7,259
Cash on deposit	-	-
	6,340	7,259

Note 8: Trade and Other Receivables

	Consolidated	
	2011 \$'000	2010 \$'000
CURRENT		
Trade debtors	1,955	1,675
	1,955	1,675
Amounts receivable from:		
- Related parties	11,401	10,591
- Other receivables	257	186
	11,658	10,777
	13,613	12,452

As at 30 June 2011, the ageing of past due trade and other receivables but not impaired is as follows:

Not past due	1,544	1,359
Past due -30 days	61	242
Past due -60 days	103	74
Past due >90 days	247	-
Closing balance	1,955	1,675

Trade and other receivables 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. There is no provision for bad or doubtful debts at 30 June 2011 (2010: \$nil).

Note 9: Deferred Tax

	Consolidated	
	2011	2010
	\$'000	\$'000
NON CURRENT		
Deferred tax assets	86	155
	86	155
Deferred tax liabilities	1,136	726
	1,136	726
(a) Assets		
Deferred tax assets comprise:		
- Accruals	29	28
- Provisions	-	42
- Unrealised foreign exchange	42	117
- Other	15	(32)
	86	155
(b) Liabilities		
Deferred tax liabilities comprise:		
- Financial assets	1,074	723
- Unrealised foreign exchange	52	10
- Other	10	(7)
	1,136	726
(c) Reconciliations		
The overall movement in the deferred tax accounts are as follows:		
Deferred tax assets		
Opening balance	155	368
Release/(charge) to Statement of Comprehensive Income	(69)	(213)
Closing balance	86	155
Deferred tax liabilities		
Opening balance	726	455
Financial asset revaluation	388	239
(Release)/Charge to Statement of Comprehensive Income	22	32
Closing balance	1,136	726

Note 10: Financial Assets

	Consolidated	
	2011	2010
	\$'000	\$'000
CURRENT		
Fair value through profit & loss financial assets		
Listed investments, at fair value	1,136	3,026
Available for sale financial assets (a)	3,640	-
	4,776	3,026
(a) These investments have been sold since year end.		
NON CURRENT		
Available-for-sale financial assets	-	2,350
Unlisted investments, at cost	433	79
Loans and Receivables - convertible notes (a)	4,097	-
Derivative Financial Assets (a)	1,503	-
	6,033	2,429

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

- (a) The loans and receivables are in respect of convertible notes in Firestone Energy Limited ("FSE"), a public listed company. The terms of the convertible notes are as follows:
- The holder may elect to convert some or all of the notes at any time prior to maturity date.
 - Maturity date is three years from date of purchase.
 - Unless otherwise converted, on maturity date, each convertible note must be redeemed by FSE.
 - The holder is entitled to receive the face value of that note, plus any accrued but unpaid interest.
 - Interest on each note is 10% p.a.

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

The valuation technique applied to the derivative part of the convertible note is the Black-Scholes Pricing Model, where the exercise price is based on a 5 day VWAP at a 7.5% discount, with a floor of 2 cents per share on the date of issue.

Note 11: Other Assets

	Consolidated	
	2011	2010
	\$'000	\$'000
CURRENT		
Prepayments	93	41
	93	41

Note 12: Trade and Other Payables

CURRENT		
Trade payables	3,999	1,120
Sundry payables and accrued expenses	1,842	2,573
Amount payable to related parties	-	-
	5,841	3,693

Note 13: Long-term Borrowings

NON CURRENT		
Subordinated debt unsecured	843	1,062
	843	1,062
<p>Access was available at reporting date to the following lines of credit:</p>		
Total facilities		
Subordination loan	4,800	4,800
Guarantee facility	390	390
	5,190	5,190
Used at the reporting date		
Subordination loan	843	1,062
Guarantee facility	387	387
	1,230	1,449
Unused at the reporting date		
Subordination loan	3,957	3,738
Guarantee facility	3	3
	3,960	3,741

Note 13: Long-term Borrowings (continued)

The current interest rates for subordinated debt are 9% (2010: 9%). Interest rates on bank facilities vary with the indicator lending rate.

The guarantee facility relates to guarantees provided by the company's bankers to external parties for lease commitments.

Note 14: Provisions

	Consolidated	
	2011	2010
	\$'000	\$'000
CURRENT		
Lease incentive provision	-	140
NON CURRENT		
Lease incentive provision	-	-

A lease incentive provision has been recognised on the consolidated entity's operating lease whereby a reduction in rent is being received by the consolidated entity.

Opening Balance	140	280
Amounts used	(140)	(140)
Closing balance	-	140

Note 15: Issued Capital and Reserves

	Consolidated	
	2011	2010
	\$'000	\$'000
Share capital		
8,687,500 (2010: 5,687,500) A class fully paid ordinary shares (a)	8,688	5,688
2,250,000 (2010: 2,250,000) B class fully paid ordinary shares	2,250	2,250
500 (2010: 500) fully paid preference shares (b)	500	500
	11,438	8,438

Ordinary shares are classified as equity.

BBY Holdings Pty Limited issued shares for value of \$3,000,000 on the 30 June 2011. This amount was utilised in increasing the investments in BBY Limited during the year.

Note 15: Issued Capital and Reserves (continued)

The company has authorised capital amounting to 10,938,000 shares of no par value.

(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.

As the holder of an Australian financial services license, the consolidated entity is required to prudentially maintain its 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.

The capital structure of the group consists of cash, debt and equity attributable to the equity holders of the parent entity.

Financial Asset Reserve

The financial asset reserve records unrealised share price gains and losses on the available-for-sale financial assets in note 10.

General Reserve

The General reserve is an equity reserve created from contributions paid by shareholders for shares in excess of their nominal value

Note 16: Equity - retained profits

	Consolidated	
	2011	2010
	\$'000	\$'000
Retained profits at the beginning of the financial year	9,600	9,654
Profit/(loss) after income tax expense for the year	(524)	(54)
Dividends paid	-	-
	9,076	9,600
Retained profits at the end of the financial year		

Note 17: Key Management Personnel

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

Key Management Personnel	Position
G A Rosewall	Chairman and Chief Executive Officer
K R Rosewall	Non-Executive Director
D J Perkins	Non-Executive Director
A Maharaj	Chief Financial Officer and Company Secretary
D Smith	Head of Equity Capital Markets (resigned 12/09/2011)
R Cole	Head of Sales (resigned 03/12/2010)
S Palmer	Head of International Sales

b. **Compensation Practices**

The board policy for determining the nature and amount of compensation of key management personnel for the consolidated entity 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 consolidated entity. The contracts for service between the consolidated entity and key management personnel are on a continuing basis, the terms of which are not expected to change in the future.

c. **Key Management Personnel Compensation**

	Short term benefits			Long term benefits	Post employment benefits	Other compensation benefits	Total
	Salary & Fees	Bonus	Deferred Bonus	Long Service Leave	Super-annuation Contribution	Other	
	\$	\$	\$	\$	\$	\$	\$
2011							
Total Compensation	1,339,282	125,000	-	-	71,144	-	1,535,426
<hr/>							
2010							
Total Compensation	946,608	122,430	1,055,000	-	59,415	-	2,183,453

Note 18: Remuneration of auditors

	Consolidated	
	2011	2010
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Audit of the financial reports of the company	70,000	65,000
- taxation services	62,224	99,555
	132,224	164,555
	132,224	164,555

Note 19: Contingent liabilities and Contingent Assets

During the year, a claim was lodged against 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 liability will arise.

Note 20: Capital and Leasing Commitments

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

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

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

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

Note 21: Related party information

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 directors and executives compensation is provided in the key management personnel compensation in note 17.

Other transactions with directors and director-related entities

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

During the year, the Company sold part of its non-current investments amounting to \$500,000 to G A Rosewall Family Trust. Glenn Rosewall is a director of this Trust. The sell were under normal commercial terms and conditions.

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

David Perkins is a director of Firestone Energy Limited ("FSE"). During the year, the Company was issued Convertible Notes amounting to \$9,500,000 from FSE. The Company converted Notes amounting to \$3,400,000 and sold Notes amounting to \$500,000. At year end, the Company held \$5,600,000 of Notes and 10,646,341 of ordinary shares in FSE. The transactions were taken place under normal commercial terms and conditions.

Wholly-owned group

The wholly-owned group consists of BBY Limited and its wholly-owned controlled entities: BBY Nominees Pty Ltd, BBY Protection Nominees Pty Ltd, Options Research Pty Ltd, Tilbia Nominees Pty Ltd. Ownership interests in these controlled entities are set out below.

Controlling entities

The immediate parent entity of BBY Limited and its wholly-owned controlled entities is BBY Holdings Pty Ltd, which at 30 June 2011 owned 100% (2010: 100%) of the issued ordinary shares of BBY Limited.

The ultimate parent entity of BBY Holdings Pty Ltd is BBY Staff Holdings Pty Ltd, which at 30 June 2011 owned 82% (2010: 82%) of the issued ordinary shares of BBY Holdings Pty Ltd.

Note 21: Related party information (continued)

Other related parties

Other related parties of BBY Limited and its wholly-owned controlled entities are:

- Jefferies & Company incorporation (USA) which at 30 June 2011 owned 6.3% (2010: 6.3%) of the issued ordinary shares of BBY Holdings Pty Ltd;
- Ficema Pty Limited which at 30 June 2011 owned a non-controlling interest of 1.6% (2010: 1.6%) in BBY Holdings Pty Limited;
- Olive Pacific Pty Limited which at 30 June 2011 owned a non-controlling interest of 9.9% (2010: 9.9%) in BBY Holdings Pty Limited;
- BBY Staff Nominee Pty Ltd for which BBY Staff Holdings Pty Ltd is a parent entity;
- BBY (Dubai) Limited for which BBY Holdings Pty Limited is a parent entity;
- Broker Services Australia Pty Ltd for which BBY Holdings Pty Ltd is a parent entity;
- BBY Advisory Services Pty Limited for which BBY Holdings Pty Limited is a parent entity (previously Jaguar Advisory Services Pty Limited);
- Jaguar Asset Management Limited for which BBY Holdings Pty Limited is a parent entity; and
- Jaguar Funds Management Pty Limited for which BBY Holdings Pty Limited is a parent entity.

Note 21: Related party information (continued)

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

	Consolidated	
	2011	2010
	\$	\$
Finance costs		
Other related parties	65,142	70,356
Management fee expense		
Other related parties	11,057,245	10,060,008

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

Current trade and other receivables		
Loans to other related parties	11,401,277	10,590,624
Non-current financial liabilities		
Loans from other related parties	843,293	1,061,863

Broker Services Australia Pty Ltd (BSA) and BBY Holdings Pty Ltd, related entities of BBY Limited (BBY Staff Holdings Pty Ltd is the ultimate parent entity for both companies) provides services to the Company including the provision of staff, equipment and management services at cost.

Note 22: Investments in controlled entities

Name of entity	Country of formation or incorporation	Cost of Parent Entity's Investment		Equity Holding	
		2011	2010	2011	2010
		\$	\$	%	%
BBY Nominees Pty Ltd	Australia	2	2	100.0	100.0
BBY Protection Nominees Pty Ltd	Australia	2	2	100.0	100.0
Options Research Pty Ltd	Australia	7,122	7,122	100.0	100.0
Tilbia Nominees Pty Ltd	Australia	2	2	100.0	100.0
		7,128	7,128		

Note 23: Segment information

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

Note 24: Cash flow information

	Consolidated	
	2011	2010
	\$'000	\$'000
<p>(a) Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:</p>		
Cash at bank (note 7)	6,340	7,259
	6,340	7,259

	Consolidated	
	2011	2010
	\$'000	\$'000
<p>(b) Reconciliation of net cash flows from operating activities to (loss)/profit after income tax</p>		
(Loss)/profit after income tax	(524)	(54)
Net foreign exchange loss/(gain)	(178)	23
Write down and loss/(gain) on investments	(1,723)	(1,329)
Provision for lease incentive	(140)	(139)
Unwinding of discount	(300)	-
Loss on derivative financial asset	300	-
Changes in assets and liabilities:		
(Increase)/decrease in trade debtors	(280)	(179)
(Increase)/decrease in other receivables	(71)	(53)
(Increase)/decrease in prepayments	(52)	70
(Increase)/decrease in deferred tax balance	346	484
Increase/(decrease) in trade and other creditors	2,148	844
Increase/(decrease) in tax related payable to related parties	(388)	(271)
Net cash inflows/(outflows) from operating activities	(862)	(604)

Note 25: 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.

(i) Financial Risks Exposures and Management

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

(a) 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 and therefore interest rate changes have no impact on the profit and equity of the consolidated 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 in the consolidated entity by \$36,313 in the current year (2010:\$62,166). A decrease of 100 basis points would have reduced profit before tax by \$36,313 (2010:\$62,166).

(b) 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 (EUR) and Canadian Dollars (CAD). There is no policy in place to minimise this risk as the core operations are sourced domestically.

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

	2011		2010	
	Financial assets \$'000	Financial liabilities \$'000	Financial assets \$'000	Financial liabilities \$'000
<u>Consolidated</u>				
US Dollars	1,043	873	1,814	1,099
Great British Pounds	30	54	36	38
Euro	20	-	87	-
Canadian Dollars	34	-	75	-
	1,127	927	2,012	1,137

Note 25: Financial instruments (continued)

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 over the past 12 months. 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.

Foreign currency risk (continued)

	2011		2010	
	10% Increase \$'000	10% Decrease \$'000	10% Increase \$'000	10% Decrease \$'000
Consolidated				
Profit/(loss) & Equity	20	(20)	87	(87)
	20	(20)	87	(87)

(c) 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 consolidated entity manages liquidity risk by monitoring forecast cash flows on a daily basis and through monthly reporting of its liquidity position to the ASX.

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated

2011 Financial Liabilities	Weighted average interest rates	< 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Remaining contractual maturities \$'000
Non derivatives-non interest bearing						
- Trade payables	-	3,999	-	-	-	3,999
- Sundry payables and accrued expenses	-	399	-	1,443	-	1,842
Non derivatives- interest bearing						
- Borrowings – Subordinated debt	9%	-	-	-	843	843
Total		4,398	-	1,443	843	6,684

Note 25: Financial instruments (continued)

(c) Liquidity risk (continued)

Consolidated

2010 Financial Liabilities	Weighted average interest rates	< 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1 to 5 years \$'000	Remaining contractual maturities \$'000
Non derivatives-non interest bearing						
Trade payables	-	1,120	-	-	-	1,120
Sundry payables and accrued expenses	-	453	-	2,121	-	2,574
Non derivatives-interest bearing						
Borrowings – Subordinated debt	9%	-	-	-	1,062	1,062
Total		1,573	-	2,121	1,062	4,756

The cashflows on the maturity analysis above are not expected to occur significantly earlier than disclosed.

(d) 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 consolidated entity 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 2011, the total portfolio amounted to \$4,777,000 (2010: \$5,376,000). A 10% movement of the respective market benchmarks, which is considered a reasonable movement and approximate indicator of the portfolio would have the following effects:

	2011 \$	2010 \$
Change in Profit before tax	\$	\$
- Increase in Market Value by 10%	113,611	-
- Decrease in Market Value by 10%	(113,611)	-
Change in Shareholders Funds		
- Increase in Market Value by 10%	254,862	376,000
- Decrease in Market Value by 10%	(254,862)	(376,000)

Note 25: Financial instruments (continued)

Liquidity risk (continued)

(e) Credit risk

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

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

(i) Net Fair Values

The net fair values of listed investments have been valued at the quoted market bid price at the reporting 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 Statement of Financial Position and in the notes to the financial statements.

(ii) Fair Values 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 in 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.

Note 25: Financial instruments (continued)

Liquidity risk (continued)

(e) Credit risk (continued)

(ii) Fair Values hierarchy (continued)

Consolidated

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
30 June 2011				
<i>Financial assets at fair value through profit or loss</i>				
Listed investments - shares in listed corporations	1,136	-	-	1,136
<i>Available-for-sale financial assets</i>				
Listed investments - shares in listed corporations	3,640	-	-	3,640
Unlisted investments at cost	-	-	433	433
Loan and Receivable - convertible notes	4,097	-	-	4,097
Derivative financial asset	1,503	-	-	1,503
	10,376	-	433	10,809
30 June 2010				
<i>Financial assets at fair value through profit or loss</i>				
Listed investments - shares in listed corporations	3,026	-	-	3,026
<i>Available-for-sale financial assets</i>				
Listed investments - shares in listed corporations	2,350	-	-	2,350
Unlisted investments	-	-	78	78
- shares in other corporations	-	-	78	78
	5,376	-	78	5,454

Transfer between categories

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

Note 26: Events subsequent to Reporting Date

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

On 30 August 2011, the Company submitted an application to qualify for a direct participation of ASX Clear to facilitate the Company clearing its own trades.

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

- (i) the operations of the consolidated entity in future years, or
- (ii) the results of those operations in future years, or
- (iii) the state of affairs of the consolidated entity in future years.

Note 27: Parent Entity Information


	2011	2010
	\$'000	\$'000
Information relating to BBY Limited		
Current assets	24,822	22,778
Non-current assets	6,119	2,584
Total assets	30,941	25,362
Current liabilities	5,841	3,833
Non-current liabilities	1,979	1,788
Total liabilities	7,820	5,621
Issued capital	11,438	8,438
Retained earnings	9,076	9,600
Reserve	2,607	1,703
Total shareholder's equity	23,121	19,741
Loss of the parent entity	524	54
Total comprehensive income of the parent entity	380	503
Details of contingent liabilities of the parent entity	Refer to note 19	Refer to note 19

DIRECTORS' DECLARATION

The directors of BBY Limited declare that:

- (a) in the directors' opinion the financial statements and notes on pages 6 to 38 are 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 2011 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and
- (c) 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.

Signed in accordance with a resolution of the directors.



Glenn Rosewall
Director

Sydney
30 September 2011



Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BBY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of BBY Limited, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and 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 BBY Limited (the company) and the consolidated entity. The consolidated entity comprises 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 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 entity'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 entity'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.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial report of BBY 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 2011 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.

PKF

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Tim Sydenham
Partner

30 September 2011
Sydney