

BBY HOLDINGS PTY LTD

A.B.N 48 075 187 432

ANNUAL REPORT 30 JUNE 2012

BBY HOLDINGS PTY LTD
A.B.N 48 075 187 0432
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FOR THE YEAR ENDED 30 JUNE 2012

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BBY HOLDINGS PTY LTD
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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

Your directors present their report on the company and its controlled entities (the "consolidated entity") for the financial year ended 30 June 2012.

1. Directors

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

G A Rosewall
D J Perkins
K R Rosewall

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

Company Secretary

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

Arun Maharaj

2. Principal activities

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

3. Review of operations

Operating revenue

The amount of consolidated operating revenue for the year was \$43.61m (2011: \$29.77m). The major reason for the change was due to increased revenues from gain in investments and broking activities in the 2012 year.

Operating results

The amount of consolidated profit after income tax expense/benefit was \$0.15m which compares with a loss of \$3.07m last year. The major reason for the decrease in the consolidated loss was due to increases in revenues during the year.

Financial position

The net assets of the consolidated group have decreased by \$2.36m from \$11.73m in 2011 to \$9.37m in 2012. This decrease was largely due to the reductions in investments during the year.

4. Dividends

During the year, the directors of the Company recommended that no dividend be paid for the year ended 30 June 2012 (2011: nil).

5. Significant changes in the state of affairs

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 and merged the acquired company's operations into the Company. This resulted in the Company having a national presence and being able to offer an extended stockbroking service to its clients.

On 28 October 2011, the Company qualified as a direct participation of ASX Clear which enabled the Company to clear its own trades.

Other than the above, 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 29, there are no matters or circumstances which have arisen since 30 June 2012 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.

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

Director Name & Qualifications	Age	Experience & Special Responsibilities
G A Rosewall B.Econ, CA	52	<p>Executive Chairman. Chief Executive Officer until 15 February 2012. Mr Rosewall has over 25 years experience in institutional broking and investment banking, primarily in senior management positions in investment banks in Australia and the United States. Prior to joining BBY, Mr Rosewall was based in New York as the US Head of Sales for Asian Equities at JPMorgan. He was also a member of the Bank's International Equities Executive Committee and was an Executive Director. He was also Head of Equities at Australian-owned Ord Minnett Securities Limited and responsible for the firms distribution of some of Australia's largest Initial Public Offerings and worldwide placements.</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	58	<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 has born in Sydney, Australia and is a former champion international tennis player. He enjoyed an exceptionally long career as a professional tennis player, from the early 1950s to the early 1970s. He was the World Number One player for three consecutive years in the early 1960s and was the runner-up for another seven years.</p> <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	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 Assciation of Australia.</p>

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

10. Meeting of directors

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

11. Indemnity and insurance of officers and auditors

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

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

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

The officers as detailed above are indemnified out of the property of BBYH against any liability incurred in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act 2001.

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

12. Directors' benefits

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

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

13. Options

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

14. Proceedings on behalf of the company

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

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

15. Auditors independence declaration

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

16. Rounding amounts

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

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



Glenn Rosewall
Director

Sydney
5 May 2014

BBY HOLDINGS PTY LTD
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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Entity	
		2012 \$'000	2011 \$'000
Revenue	3	35,393	24,762
Other Income	3	8,218	5,010
Expenses			
Consultancy Expense		1,965	1,699
Transaction and information expense		20,773	14,592
Employee benefit expense		11,325	11,461
Occupancy expense		2,375	938
Communication expense		1,177	619
Depreciation & amortisation expense		122	267
Travel and entertainment expense		755	592
Legal and professional fees		40	552
Finance Costs		528	105
Other expense		1,954	800
Write off of leasehold improvements		-	221
Impairment of unlisted investments		-	900
Impairment of trade receivables		1	-
Loss on fair value through profit and loss financial assets		868	-
Loss on derivative financial asset		1,503	300
Profit/(Loss) before income tax expense	4	225	(3,274)
Income tax expense/(benefit)	5	74	(204)
Loss after income tax expense		151	(3,070)
Net profit/(loss) attributable to members of BBY Holdings Pty Limited		151	(3,070)
Other Comprehensive Income		-	(38)
Total Comprehensive Income		151	(3,108)

The accompanying notes form part of these financial statements.

BBY HOLDINGS PTY LTD
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STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Entity	
		2012 \$'000	2011 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	4,986	6,573
Trade and other receivables	8	69,089	2,930
Current tax asset	15	162	219
Other financial assets	9	2,621	4,875
Other assets	11	43	624
TOTAL CURRENT ASSETS		76,901	15,221
NON-CURRENT ASSETS			
Other financial assets	9	6,953	8,488
Property, plant and equipment	12	222	247
Intangible asset	14	-	23
Deferred tax asset	15	694	514
TOTAL NON-CURRENT ASSETS		7,869	9,272
TOTAL ASSETS		84,770	24,493
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	72,227	9,670
Provisions	17	887	710
TOTAL CURRENT LIABILITIES		73,114	10,380
NON-CURRENT LIABILITIES			
Long-term borrowings	18	2,000	844
Provisions	17	282	406
Deferred tax liabilities	15	5	1,138
TOTAL NON-CURRENT LIABILITIES		2,287	2,388
TOTAL LIABILITIES		75,401	12,768
NET ASSETS		9,369	11,725
EQUITY			
Issued capital	19	16,601	16,601
Reserves		107	2,614
Accumulated losses		(7,339)	(7,490)
TOTAL EQUITY		9,369	11,725

The accompanying notes form part of these financial statements.

BBY HOLDINGS PTY LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Attributable to equity holders of the consolidated entity

Note	Ordinary share Capital	Non-cumulative redeemable preference shares	Retained Earnings / (Accumulated Losses)	Financial Asset Reserve	Foreign Currency Translation Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	13,101	500	(4,420)	1,603	145	10,929
Revaluation of available for sale financial assets	-	-	-	904	-	904
Adjustments from translation of foreign controlled entities	-	-	-	-	(38)	(38)
Net loss attributable to members of the company	-	-	(3,070)	-	-	(3,070)
Total Comprehensive Income for the year	-	-	(3,070)	-	(38)	(3,108)
Contribution to Equity	3,000	-	-	-	-	3,000
Balance at 30 June 2011	16,101	500	(7,490)	2,507	107	11,725
Balance at 1 July 2011	16,101	500	(7,490)	2,507	107	11,725
Revaluation of available for sale financial assets	-	-	-	(2,507)	-	(2,507)
Adjustments from translation of foreign controlled entities	-	-	-	-	-	-
Net profit attributable to members of the company	-	-	151	-	-	151
Total Comprehensive Income for the year	-	-	151	-	-	151
Contribution to Equity	-	-	-	-	-	-
Balance at 30 June 2012	16,101	500	(7,339)	-	107	9,369

The accompanying notes form part of these financial statements.

BBY HOLDINGS PTY LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Entity	
		2012 \$'000	2011 \$'000
Cash flows from operating activities			
Receipts from customers		30,734	23,489
Payment to suppliers & employees		(37,927)	(25,097)
Interest received		2,974	602
Finance costs paid		(528)	(105)
Income tax refund/(paid)		(1,314)	-
Net cash used in operating activities	27(b)	(6,061)	(1,111)
Cash flows from investing activities			
Payments for plant and equipment		(97)	(310)
Net (payments for purchase)/proceeds from sale of investment securities		3,031	(2,826)
Net cash (used in)/provided by investing activities		2,934	(3,136)
Cash flows from financing activities			
Amounts advanced from related parties		1,540	3
Repayment/(advances) of borrowings		-	3,000
Net cash provided by financing activities		1,540	3,003
Net decrease in cash held		(1,587)	(1,244)
Cash at beginning of financial year		6,573	7,817
Cash at end of financial year	27(a)	4,986	6,573

The accompanying notes form part of these financial statements.

BBY HOLDINGS PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 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 2012. The comparative reporting period ended at 30 June 2011.

Registered Office

Level 17
60 Margaret Street
Sydney NSW 2000
Australia

Authorisation of financial report

The financial report was authorised for issue on 5 May 2014 by the Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New, revised or amending accounting standards and interpretations adopted

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

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

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

Accounting policies

(a) Principles of consolidation

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

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

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

BBY HOLDINGS PTY LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by reporting date.

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

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

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

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

(c) Foreign currency translation

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

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

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

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

(d) Revenue recognition

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

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

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

(e) Financial instruments

Recognition and Initial Measurement

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or liabilities assumed, is recognised in the profit or loss.

Classification and Subsequent Measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loan and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

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

Financial liabilities

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

Derivative instruments

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

Fair value

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

Impairment

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

Investment in subsidiaries and unlisted investments

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

Equity Accounted Investments

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

(f) Leased non-current assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade and other creditors

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.

(h) Interest bearing liabilities

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

(i) Finance costs

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

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowing in current liabilities on the statement of financial position.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(l) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. In assessing value in use, the estimated future cash flows discounted to their present value using a pre-tax discount rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Plant and equipment

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

Depreciation

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(n) Investment in associates

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

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

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

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

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

(o) Provisions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Adoption of new and revised accounting standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2012. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

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

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

(q) Comparative figures

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

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

(r) Critical Accounting Estimates and Judgments

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

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	2012 \$'000	2011 \$'000
3. REVENUE		
Revenues from ordinary activities		
Commission revenue	23,700	15,791
Underwriting & placement fees	11,592	8,876
Asset management income	101	95
	<u>35,393</u>	<u>24,762</u>
Revenues from non-ordinary activities		
Interest	2,974	601
Sundry income	987	1,604
Interest - Convertible Note	-	300
Net realised gains on financial assets	4,257	2,505
	<u>8,218</u>	<u>5,010</u>
	<u>43,611</u>	<u>29,772</u>
4. PROFIT/ (LOSS) FOR THE YEAR		
Expenses		
Finance costs:		
- related parties	286	65
- external	242	40
Total finance costs	<u>528</u>	<u>105</u>
Corporate transaction costs	1,058	817
Commission rebates	12,489	8,655
Bad and doubtful debts	1	-
Depreciation and amortisation charge	122	267
Leasehold improvements write off	-	220
Rental expense on operating leases - minimum lease payments	2,375	938
Provision for employee entitlements	767	782
Foreign currency translation losses	95	(131)
Directors Fees	50	48
Loss on derivative financial asset	1,503	300
5. INCOME TAX EXPENSE/(BENEFIT)		
(a) Income tax expense/(benefit)		
Income tax comprises:		
Current	74	(204)
	<u>74</u>	<u>(204)</u>
(b) The prima facie tax benefit on profit/(loss) before income tax is reconciled to the income tax as follows:		
Profit/(loss) before income tax expense	225	(3,274)
Prima facie tax payable on profit/(loss) before income tax at 30% (2011: 30%)	67	(982)
Add tax effect of:		
Tax losses not recognised	813	625
Non-deductible entertainment expenses	(36)	26
Other non-deductible expenses	46	62
Non-assessable income/(loss)	75	57
Tax losses carried forward	(891)	-
Deferred tax assets arising due to timing differences	-	(33)
	<u>7</u>	<u>737</u>

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	2012 \$'000	2011 \$'000
5. INCOME TAX EXPENSE/ (BENEFIT) (continued)		
Less tax effect of:		
Under/ (Over) provision in prior year	-	40
	-	40
Income tax expense/ (benefit) attributable to entity	74	(205)

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.

	2012 \$'000	2011 \$'000
No part of the future income tax benefit shown in note 15 is attributable to tax losses. The directors estimate that the potential future income tax benefit at 30 June 2012 in respect of tax losses not brought to account is;	<u>3,023</u>	<u>2,605</u>

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.

	2012 \$	2011 \$
6. DIVIDENDS		
It was recommended that no dividend be paid for the year ended 30 June 2012(2011:nil)	<u>-</u>	<u>-</u>
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.		

	2012 \$'000	2011 \$'000
7. CASH AND CASH EQUIVALENTS		
CURRENT		
Cash at bank	4,986	6,573
	<u>4,986</u>	<u>6,573</u>

Cash at bank is bearing a floating interest rate of 3.50% (2011: 4.525%).

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	2012 \$'000	2011 \$'000
8. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade debtors	4,819	1,975
Loans to director-related entities	-	550
Clearing receivables	8,271	-
Segregated assets	55,923	-
Other debtors	76	405
	<u>69,089</u>	<u>2,930</u>

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

As at 30 June 2012, the ageing of trade debtors and other debtors shown above is as follows:

	2012 \$'000	2011 \$'000
Not past due	4,460	1,564
Past due: 0 -30 days	108	61
Past due: 31 -60 days	4	103
Past due: 61 + days	247	247
Closing balance	<u>4,819</u>	<u>1,975</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

Available-for-sale financial assets - unlisted investments	-	98
Available-for-sale financial assets - listed investments	2,398	3,641
Fair value through profit and loss financial assets - shares in listed corporations	223	1,136
	<u>2,621</u>	<u>4,875</u>

NON-CURRENT

Available-for-sale financial assets	-	-
Unlisted investments, at cost		
- shares in other corporations	1,365	432
- loans and receivables - convertible notes (a)	5,588	5,894
- Derivative Financial Assets (a)	-	2,162
- investment in associate (Note 10)	-	-
	<u>6,953</u>	<u>8,488</u>

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

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

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

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

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10. INVESTMENT IN ASSOCIATE

On 31 March 2009, Jaguar Asset Management Limited, a wholly owned subsidiary of BBY Holdings Pty Limited purchased a 20% interest in the participating shares of Jaguar Australian Leaders Long Short Fund, a company incorporated in Bermuda. The principal activity of the investee is the operation of a mutual fund. Jaguar Asset Management Limited has not equity accounted this interest in accordance with paragraph 13 of AASB 128 and has elected to hold the investment at cost. On 2 August 2010, the investment in the Jaguar Australian Leaders Long Short Fund was redeemed. A reconciliation of movements in investment in associates is provided below:

	2012	2011
	\$'000	\$'000
Opening balance	-	2,617
Disposal during the year	-	(2,617)
Foreign exchange movement	-	-
Closing balance	<u>-</u>	<u>-</u>

11. OTHER ASSETS

CURRENT

Prepayments	43	124
Other deposit	-	500
	<u>43</u>	<u>624</u>

12. PROPERTY, PLANT AND EQUIPMENT

NON-CURRENT

Plant and equipment		
Plant and equipment - at cost	1,777	1,680
Accumulated depreciation	(1,555)	(1,433)
	<u>222</u>	<u>247</u>

Reconciliations

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

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13. MOVEMENT IN CARRYING AMOUNTS

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

	Plant and equipment \$'000	Leasehold improvements \$'000	Software \$'000	Total \$'000
Balance at 1 July 2010	270	-	155	425
Additions	74	221	15	310
Fixed asset write off	-	(221)	-	(221)
Depreciation expense	(179)	-	(88)	(267)
Carrying amount at 30 June 2011	165	-	82	247
Additions	97	-	-	97
Fixed asset write off	-	-	-	-
Depreciation expense	(72)	-	(50)	(122)
Carrying amount at 30 June 2012	190	-	32	222

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	2012 \$'000	2011 \$'000
14. INTANGIBLE ASSETS		
NON-CURRENT		
Patents & trademarks	-	23
	<u>-</u>	<u>23</u>
15. CURRENT AND DEFERRED TAX		
CURRENT		
Current tax assets	162	219
	<u>162</u>	<u>219</u>
NON-CURRENT		
Deferred tax assets	694	514
	<u>694</u>	<u>514</u>
Deferred tax liabilities	5	1,138
	<u>5</u>	<u>1,138</u>
(a) Assets		
Deferred tax assets comprise:		
- Employee provisions	351	314
- Accruals	181	142
- Other	162	58
	<u>694</u>	<u>514</u>
(b) Liabilities		
Deferred tax liabilities comprise:		
- Financial assets	-	1,074
- Unrealised foreign exchange	-	52
- Other	5	12
	<u>5</u>	<u>1,138</u>
(c) Reconciliations		
The overall movement in the deferred tax accounts are as follows:		
Deferred tax assets;		
Opening balance	514	459
(Debit)/ Credit to statement of comprehensive income	180	55
Closing balance	<u>694</u>	<u>514</u>
Deferred tax liabilities;		
Opening balance	1,138	729
Charge to equity	(1,074)	387
Debit/(Credit) to statement of comprehensive income	(59)	22
Closing balance	<u>5</u>	<u>1,138</u>
16. TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors	5,395	4,038
GST payables	526	667
Segregated liabilities	61,441	-
Accruals	2,656	2,166
Other creditors	2,209	2,799
	<u>72,227</u>	<u>9,670</u>

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	2012 \$'000	2011 \$'000
17. PROVISIONS		
CURRENT		
Employee entitlements	887	710
	<u>887</u>	<u>710</u>
NON-CURRENT		
Employee entitlements	282	336
Other non-current provisions	-	70
	<u>282</u>	<u>406</u>
Analysis of Total Provisions		
Opening Balance	1,117	981
Additional provisions raised	52	136
Closing balance as at 30 June 2012	<u>1,169</u>	<u>1,117</u>
18. LONG-TERM BORROWINGS		
Financing arrangements		
NON-CURRENT		
Long term borrowings - Director	2,000	-
Subordinated debt unsecured	-	844
	<u>-</u>	<u>844</u>
Access was available at reporting date to the following lines of credit:		
Total facilities;		
Subordination loan	5,000	4,800
Overdraft facility	3,000	-
Guarantee facility	1,065	390
	<u>9,065</u>	<u>5,190</u>
Used at balance date;		
Subordination loan	2,000	844
Overdraft facility	700	-
Guarantee facility	1,065	387
	<u>3,765</u>	<u>1,231</u>
Unused at balance date;		
Subordination loan	3,000	3,956
Overdraft facility	700	-
Guarantee facility	-	3
	<u>3,700</u>	<u>3,959</u>
The current interest rates for subordinated debt are 9% (2011: 9%). Interest rates on subordinated debt are fixed at 9%.		
19. ISSUED CAPITAL		
Ordinary Share Capital		
326,121,584 (2011: 326,121,584) "A" class fully paid ordinary shares	12,987	12,987
5,076,428 (2011: 5,076,428) "B" class fully paid ordinary shares	3,114	3,114
1,000 (2011:1,000) fully paid preference shares	500	500
	<u>16,601</u>	<u>16,601</u>

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19. ISSUED CAPITAL (continued)

Ordinary shares are classified as equity.

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

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

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

Capital Risk Management

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

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

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

20. KEY MANAGEMENT PERSONNEL

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

Key Management Person	Position
Mr G A Rosewall	Executive Chairman
Mr K R Rosewall	Non-Executive Director
Mr D Perkins	Non-executive Director
Mr A Maharaj	Chief Executive Officer and Company Secretary
Mr S Palmer	Head of International Sales

b. Compensation Practices

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

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

	Short term benefits			Long term benefits	Post employment benefits	Other compensation benefits	Total
	Salary & Fees	Bonus	Deferred Bonus	Long Service Leave	Super -annuation Contribution	Other	
	\$	\$	\$	\$	\$	\$	\$
2012							
Total Compensation	752,656	-	-	-	56,497	-	819,153
2011							
Total Compensation	1,339,282	125,000	1,500,000	-	71,144	-	3,035,426

21. AUDITORS REMUNERATION

Audit of the financial reports of the company
Taxation Services

	2012	2011
	\$	\$
	179,000	108,400
	28,150	104,446
	<u>207,150</u>	<u>212,846</u>

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22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

	2012	2011
	\$'000	\$'000
23. CAPITAL AND LEASING COMMITMENTS		
Operating lease commitments		
Non-cancellable operating leases contracted but not capitalised in the financial statements		
- no later than 12 months	1,958	1,498
- between 12 months and 5 years	8,380	7,639
- over 5 years	1,741	1,696
	12,079	10,833

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

24. RELATED PARTY INFORMATION

Directors and director related entities

The following directors held office as a director of the Company at any time during the year ended 30 June 2012 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 \$76,728 (2011: \$187,613) were paid to Perkins Solicitors. David Perkins is a principal of this firm. The fees paid were under normal commercial terms and conditions.

During the year, a corporate fee amounting to \$3,426,190 was received as revenues from Jaguar Australian Long Short Unit Trust. Glenn Rosewall is a director of the Trustee. The corporate fee 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 \$300,000 from FSE. The Company converted Notes amounting to \$300,000. At year end, the Company held \$5,588,000 of Notes and 9,821,122 of ordinary shares in FSE. The transactions were taken place under normal commercial terms and conditions.

Remuneration Benefits

Information on remuneration of directors is disclosed in note 20.

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24. RELATED PARTY INFORMATION (continued)

Wholly-owned group

The wholly-owned group as at 30 June 2012 consists of BBY Holdings Pty Ltd and its wholly-owned controlled entities:

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

Transactions between BBY Holdings Pty Limited and other entities in the wholly-owned group during the year ended 30 June 2012 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 2012 owned 87.31% (2011: 82%) of the issued ordinary shares of BBY Holdings Pty Ltd

Other related parties

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

- Jefferies & Company Incorporation (USA) which at 30 June 2012 owned 1.2% (2011: 6.3%) of the issued ordinary shares of BBY Holdings Pty Ltd;
- Ficema Pty Limited which at 30 June 2012 owned a non-controlling interest of 1.6% (2011: 1.6%) in BBY Holdings Pty Limited;
- Olive Pacific Pty Limited which at 30 June 2012 owned a non-controlling interest of 9.9% (2011: 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:

	2012	2011
	\$'000	\$'000
Finance Costs		
Other related parties	286	65

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

Current trade and other receivables:

Loans to Jefferies	-	350
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The above loans are interest free loans and are due for repayment within 12 months of the balance sheet date.

Current trade and other payables:

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

Jefferies subordinated loan (refer to note 18)	-	844
--	---	-----

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25. INVESTMENT IN CONTROLLED ENTITIES

Name of entity/ Country of incorporation	Carrying amount of investments	
	2012 \$	2011 \$
Broker Services Australia Pty Ltd	Australia 2,336,067	2,336,067
BBY Limited	Australia 6,806,918	6,806,918
Jaguar Advisory Services Pty Ltd	Australia 150,000	150,000
Jaguar Asset Management Ltd	Bermuda 2,789,619	2,789,619
Jaguar Funds Management Pty Ltd	Australia 2	2
BBY (Dubai) Limited	UAE 753,157	753,157
Smartrader Limited	Australia 74,063	-

26. SEGMENT INFORMATION

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

2012
\$'000 2011
\$'000

27. CASH FLOW INFORMATION

(a) Reconciliation of cash

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

	4,986	6,573
Cash on hand (note 7)	<u>4,986</u>	<u>6,573</u>

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

Loss after income tax	151	(3,070)
Write down and unrealised loss/(gain) on investments	(1,473)	(2,505)
Leasehold improvements write off	-	221
Foreign exchange variation	161	(218)
Depreciation and amortisation	(122)	267
Impairment of unlisted investment	-	900
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(5,648)	(559)
(Increase)/decrease in prepayments	81	11
Increase/(decrease) in trade and other creditors	1,994	3,908
Increase/(decrease) in provisions	52	137
Increase/(decrease) in tax related balance	(1,257)	(203)
Net cash outflows used in operating activities	<u>(6,061)</u>	<u>(1,111)</u>

28. FINANCIAL INSTRUMENTS

Financial Risk Management

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

Financial Risks Exposures and Management

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

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28. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

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

During the current and prior financial years the consolidated entity operated bank accounts subject to variable interest rate changes. An increase in interest rates of 200 basis points would have increased profits before tax and net assets in the consolidated entity by \$1,441,825 in the current year (2011:\$73,954). A decrease of 200 basis points would have reduced profit before tax and net assets by \$1,441,825 (2011:\$73,954).

Foreign currency risk

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

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

	2012	
	Financial Assets \$AUD	Financial Liabilities \$AUD
US Dollars	478,444	103,419
Great British Pounds	30,511	188,824
Euro	92,151	-
Canadian Dollars	108,877	-
	709,983	292,243
	2011	
	Financial Assets \$AUD	Financial Liabilities \$AUD
US Dollars	1,130,679	872,991
Great British Pounds	29,892	53,768
Euro	20,126	-
Japanese Yen	35	-
Canadian Dollars	34,065	-
	1,214,797	926,759

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

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

	2012	
	10% Favourable	10% Adverse
	\$	
Profit/ (loss)	70,998	(70,998)
	70,998	(70,998)
	2011	
	10% Favourable	10% Adverse
	\$	
Profit/ (loss)	28,804	(28,804)
	28,804	(28,804)

28. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

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

2012

Financial Liabilities	< 1 month \$'000	1 - 3 months \$'000	3 months to 1 year \$'000	1 year to 5 years \$'000	Total \$'000
Trade Payables	4,395	-	-	1,000	5,395
Sundry Payables and accrued expenses	61,961	1,575	3,297	-	66,833
Borrowings - Subordinated debt	-	-	-	-	-
Total	66,356	1,575	3,297	1,000	72,228

2011

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

28. FINANCIAL INSTRUMENTS (continued)

Market and Price Risk

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

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

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

The consolidated entity holds a portfolio of available for sale listed investments and a portfolio of investments which have been designated as fair value through profit and loss. At 30 June 2012, the total value of the portfolio of available for sale investments was \$2,398,547 (2011: \$3,739,262). The total value of the investments designated as fair value through profit and loss at the year end date is \$222,660 (2011: \$1,136,000)

A 10% movement in market prices has been used in the sensitivity analysis below. We have used 10% during our analysis as we believe that significant fluctuations will eventuate in the current economic climate. Should a 10% favourable movement occur in average market prices, an increase in profit of \$22,266 (2011: \$113,600) would occur. The effect of such an appreciation in market prices on net assets would be an increase of \$190,166 which includes an increase in deferred tax liabilities of \$71,957. The impact of a negative movement in average market price of 10% would have an equal negative impact.

Credit Risk

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

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity. The consolidated entity has a third party clearing arrangement with 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.

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

28. FINANCIAL INSTRUMENTS (continued)

Fair Value Hierarchy (continued)

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
30-Jun-12				
<i>Financial assets at fair value through profit or loss</i>				
Listed investments - shares in listed corporations	223	-	-	223
<i>Available-for-sale financial assets</i>				
Listed investments - shares in listed corporations	2,398	-	-	2,398
Loan and receivable - convertible notes	5,588	-	-	5,588
Derivative financial assets	-	-	-	-
Unlisted investments	-	-	1,365	1,365
- shares in other corporations	-	-	1,365	1,365
	8,209	-	1,365	9,574
30-Jun-11				
<i>Financial assets at fair value through profit or loss</i>				
Listed investments - shares in listed corporations	1,136	-	-	1,136
<i>Available-for-sale financial assets</i>				
Listed investments - shares in listed corporations	3,641	-	-	3,641
Loan and receivable - convertible notes	5,895	-	-	5,895
Derivative financial assets	2,162	-	-	2,162
Unlisted investments	-	-	530	530
- shares in other corporations	-	-	530	530
	12,834	-	530	13,364

Transfer between categories

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

29. EVENTS AFTER THE REPORTING DATE

On 16 August 2012, the Company entered into an agreement with Cameron Stockbrokers Limited to merge their private client advisor network into the Company.

Other than the above there are no other matters or circumstances which have arisen since 30 June 2012 that have significantly affected, or may significantly affect:

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

30. Parent Entity Information

	2012	2011
	\$'000	\$'000
Information relating to BBY Holdings Pty Limited		
Current assets	(16,043)	688
Non-current assets	12,973	13,249
Total assets	(3,070)	13,937
Current liabilities	2,912	462
Non-current liabilities	-	16,747
Total liabilities	2,912	17,209
Issued capital	16,601	16,601
Retained earnings	(22,583)	(19,873)
Reserve	-	-
Total shareholder's equity	(5,982)	(3,272)
Loss of the parent entity	2,710	2,393
Total comprehensive loss of the parent entity	2,710	2,393
Details of contingent liabilities of the parent entity	Refer to Note 22	

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

**BBY HOLDINGS PTY LTD
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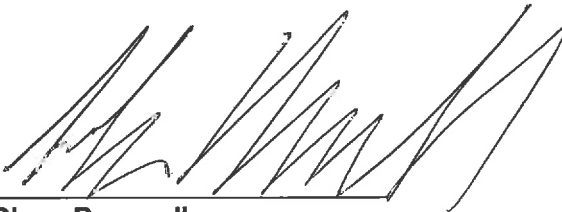
DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 8 to 32 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 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: 5 May 2014