



BBX GROUP OF COMPANIES

11 May 2007.

Australian Stock Exchange Limited
PO Box H224
AUSTRALIA SQUARE NSW 1215.

ATTENTION: Ms Marta Kielich

RE: QUARTERLY REPORT - BBX HOLDINGS LIMITED

I refer to your letter dated 11 May 2007 addressed to the Company Secretary seeking clarification relating to our quarterly Appendix 4C. In response to the matters you have raised I advise as follows:

1. The conclusion suggested in your question is not correct as the circumstances that prevailed in the quarter to which the report relates will not apply in the current quarter. Payments made to suppliers were significantly higher than the amount collected during the quarter and the amount owing to us by our customers increased. The amount owing to us in respect of commissions from real estate transactions awaiting settlement is in excess of \$1.5 million which will be received over the course of the next three months as the legal processes are completed.
2. No
3. The revenues and expenses during the quarter measured on an accruals basis were broadly in line with our expectations. Revenue for three quarters was approximately \$1 million ahead of the same period last year. Expenses were greater and broadly in line with budget as we developed new areas of our business and pursued new franchise territories overseas. The increase in amounts owing to us by our customers was expected and is likely to rectify itself by 30 June 2007 as property settlements take place.
4. Not Applicable
5. The company's business objectives have not changed materially from those set out in the prospectus. There are a number of ongoing matters the progress of which will positively impact the company's results in the final quarter of the financial year. They include the rollout of BBX Money, our finance joint venture, a further fundraising for the BBX Property Investment Fund Ltd, generating new members for BBX and further franchise opportunities around the world as negotiations are concluded.
6. Yes, it is considered that the company is in compliance with listing rule 3.1.



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BBX HOLDINGS LIMITED ACN 089 221 634

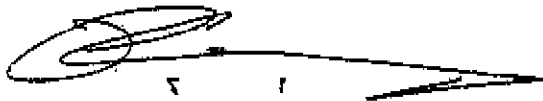
BBX MANAGEMENT LIMITED ACN 059 341 758

Level 5, 20 George St. Hornsby NSW 2077 • PO Box 667 • Ph: (02) 9476 6655 • Fax: (02) 9476 6402 • Email: info@ebbx.com • Web: www.ebbx.com

7. The financial condition of the entity is not considered to have deteriorated in any way that is materially inconsistent with our business plan. The composition of the balance sheet, relative size of liabilities to assets and access to funds is broadly in line with what had been expected at this stage of the financial year. Any change in financial condition is kept under constant review and would be reported to the market immediately if it were expected to have a material effect on the price or value of the entity's securities.

Please contact the Company Secretary if the company can provide further clarification.

Yours faithfully,
BBX HOLDINGS LTD.

A handwritten signature in black ink, appearing to read 'T. Creasy', with a long horizontal stroke extending to the right.

TIM CREASY CA CPA
Chief Financial Officer



ASX

AUSTRALIAN SECURITIES EXCHANGE

11 May 2007

Mr Donald Fearon
Company Secretary
BBX Holdings Limited
Level 5
20 George Street
Hornsby NSW 2077

By email only: donf@ebbx.com

Dear Donald

BBX Holdings Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 March 2007, released to ASX Limited ("ASX") via a Company Announcement on 30 April 2007 (the "Appendix 4C"). ASX notes that the Company has reported the following.

1. Receipts from customers of \$2,756,000.
2. Net negative operating cash flows for the quarter of \$174,000.
3. Cash at end of quarter of \$94,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for less than 2 quarters. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives as set out in its Prospectus? The Company's business objectives and strategies may have changed since the date of the Prospectus. If so, this should be taken into account in your response.
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number (02) 9241 7620** or by email at marta.kielich@asx.com.au. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie **before 9.30 a.m. E.S.T. on Monday, 14 May 2007**).

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Marta Kielich
Adviser, Issuers (Sydney)

Direct Line: (02) 9227 0656