BKM Management Limited
Appendix 4E
Preliminary Final Report
Year ended 30 June 2017

Name of entity	BKM Management Limited
ABN	61 009 146 543
Year ended	30 June 2017
Previous period	30 June 2016

Results for announcement to the market

Revenue for ordinary activities	Down	0.7%	to	$1,209,151
Net loss after tax (from ordinary activities) for the period attributable to members	Down	22.9%	to	($238,773)
Net loss after tax for the period attributable to members	Down	22.9%	to	($238,773)

Distributions

Current period
There were no dividends paid or declared during the current financial period.

Previous corresponding period
There were no dividends paid or declared during the previous financial period.

Net tangible assets per security

Net tangible assets per security (cents per security):

As at 30 June 2017	(0.004)
As at 30 June 2016	(0.003)

Details of dividend reinvestment plans in operation

There are no dividend reinvestment plans in operation.

Foreign entities

Not applicable

Changes in controlled entities

No change

Details of associates and joint venture entities

Not applicable

Explanation of results

BKM Management Limited (BKM), has reported a loss for the full year of $238,773 (2016: $309,717), which is lower than the previous period. Revenue slipped 0.7%, as market conditions for BKM's modelling business, Scene Model Management (Scene), continued to be challenging with digital marketing and online media eroding the traditional business.

This trend is expected to be in evidence again for the foreseeable future. The board of BKM and the management of Scene, have been examining ways to better position the business in this enhanced digital and social media oriented business environment. Despite this, the board wishes to acknowledge the dedication and hard work put in by Scene's management team, who have done very well given the market conditions.

Although revenue was down overall, the board has been able to exercise further restraint over costs for the company, with corporate and overhead costs declining by approximately $34,000.

At the corporate level, the board has been actively working with the management team at IGC Asia (IGC, an investment of BKM Management) at their request to identify additional investment opportunities in primary industry and resource sectors.

The principals of IGC have flagged their intention to involve BKM Management to a greater extent in IGC's asset selection and due diligence process. IGC is based in Singapore, and is ideally placed to source and deliver quality assets in the South East Asian region. With IGC's on the ground knowledge and expertise, combined with BKM's corporate experience, your board is looking forward to being involved in some revenue generating projects in the years ahead. As highlighted in previous reports to shareholders, the focus is primarily on revenue generating assets in the agricultural sector in Asia.

IGC has informed the BKM board that the investment structure for any assets to be acquired will most likely involve an Australian incorporated special purpose vehicle, and will require the board to utilise its experience and professional relationships to assist in implementation.

Audit

Details of audit dispute or qualification (if any):
The accounts are currently in the process of being audited.

The audit of the consolidated entity is currently in progress and there are unresolved matters which may require some form of modification to the Auditor's Report. In particular, these matters include a likely change to the going concern note, the valuation of the investment in IGC Asia Pte Ltd which has a net carrying value of $417,756, as well as the valuation of the investment in Scene Model Management Pty Ltd which has a net carrying value of $49,878.

BKM Management Limited ABN 61 009 146 543
Preliminary final report - 30 June 2017

Contents

BKM Management Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2017

	notes	Consolidated entity Year ended 30 June 2017 $	30 June 2016 $
Revenue	3	**1,209,151**	1,217,601
Model and talent costs		**(850,435)**	(869,071)
Corporate administration expenses	4	**(171,369)**	(205,339)
Employment and consulting fees	4	**(352,437)**	(377,390)
Finance costs		**(9,000)**	(9,000)
Occupancy costs		**(64,683)**	(66,518)
Operating loss		**(238,773)**	(309,717)
Loss before income tax		**(238,773)**	(309,717)
Income tax expense	5	**-**	-
Loss for the period		**(238,773)**	(309,717)
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive loss for the period		**(238,773)**	(309,717)
Loss is attributable to:			
Owners of BKM Management Limited		**(235,196)**	(298,606)
Non-controlling interests		**(3,577)**	(11,111)
		(238,773)	(309,717)
Total comprehensive loss for the period is attributable to:			
Owners of BKM Management Limited		**(235,196)**	(298,606)
Non-controlling interests		**(3,577)**	(11,111)
		(238,773)	(309,717)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	9	**(0.015)**	(0.023)
Diluted earnings per share	9	**(0.015)**	(0.023)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

BKM Management Limited
Consolidated statement of financial position
As at 30 June 2017

		Consolidated entity	
		30 June 2017	30 June 2016
	notes	**$**	$
ASSETS			
Current assets			
Cash and cash equivalents	6	**497,923**	305,763
Trade and other receivables		**85,591**	78,157
Prepayments		**3,193**	1,873
Total current assets		**586,707**	385,793
Non-current assets			
Other financial assets		**417,756**	417,756
Intangible assets		**49,878**	49,878
Total non-current assets		**467,634**	467,634
Total assets		**1,054,341**	853,427
LIABILITIES			
Current liabilities			
Trade and other payables		**736,708**	696,713
Borrowings		**95,039**	95,039
Deferred revenue		**42,870**	-
Employee benefit obligations		**16,201**	18,538
Total current liabilities		**890,818**	810,290
Non-current liabilities			
Employee benefit obligations		**39,285**	36,479
Total non-current liabilities		**39,285**	36,479
Total liabilities		**930,103**	846,769
Net assets		**124,238**	6,658
EQUITY			
Share capital	7(a)	**28,138,393**	27,782,040
Retained earnings		**(27,951,644)**	(27,716,448)
Parent entity interest		**186,749**	65,592
Non-controlling interests		**(62,511)**	(58,934)
Total equity		**124,238**	6,658

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

BKM Management Limited
Consolidated statement of changes in equity
For the year ended 30 June 2017

	Attributable to owners of BKM Management Limited			
Consolidated entity	**Share capital $**	**Retained earnings $**	**Non- controlling interests $**	**Total equity $**
Balance at 1 July 2015	27,471,612	(27,417,842)	(47,823)	5,947
Profit (loss) for the period	-	(298,606)	(11,111)	(309,717)
Total comprehensive loss for the period	**-**	**(298,606)**	**(11,111)**	**(309,717)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	310,428	-	-	310,428
Balance at 30 June 2016	**27,782,040**	**(27,716,448)**	**(58,934)**	**6,658**
Balance at 1 July 2016	27,782,040	(27,716,448)	(58,934)	6,658
Profit (loss) for the period	-	(235,196)	(3,577)	(238,773)
Total comprehensive loss for the period	**-**	**(235,196)**	**(3,577)**	**(238,773)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	356,353	-	-	356,353
Balance at 30 June 2017	**28,138,393**	**(27,951,644)**	**(62,511)**	**124,238**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

BKM Management Limited
Consolidated statement of cash flows
For the year ended 30 June 2017

		Consolidated entity Year ended	
	notes	**30 June 2017 $**	30 June 2016 $
Cash flows from operating activities			
Receipts from customers		**1,231,156**	1,258,110
Payments to suppliers and employees		**(1,386,999)**	(1,517,703)
Interest received		**650**	2,221
Net cash (outflow) from operating activities	8	**(155,193)**	(257,372)
Net cash inflow (outflow) from investing activities		**-**	-
Cash flows from financing activities			
Proceeds from issues of shares		**359,400**	321,500
Capital raising costs		**(3,047)**	(11,072)
Interest paid		**(9,000)**	(9,000)
Net cash inflow from financing activities		**347,353**	301,428
Net increase in cash and cash equivalents		**192,160**	44,056
Cash and cash equivalents at the beginning of the financial year		**305,763**	261,707
Cash and cash equivalents at end of period	6	**497,923**	305,763

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the group consisting of BKM Management Limited and its subsidiaries.

(a) Going concern

As at 30 June 2017, the consolidated entity incurred an operating loss of $238,773 (2016: $309,717) and net assets were $124,238 (2016: $6,658). The consolidated entity's cash position has increased to $497,923 from $305,763 at 30 June.

The following matters have been considered by the directors in determining the appropriateness of the going concern basis of preparation:

- The trade and other payables balance as at 30 June 2017 contains accrued directors fees of $69,060 (2016: $69,060), substantial creditors and related party payables for director controlled entities of $363,290 (2016: $266,166). These amounts are subject to an undertaking which has been provided to the consolidated entity by the directors that repayments of these amounts, and future director fees, will not be demanded unless the consolidated entity has sufficient cash flows available;
- The consolidated entity has the ability to scale down its operations sufficiently should the above not occur.
- The directors have the capacity to issue additional securities without shareholder approval through private placement,

As a consequence of the above, the directors believe that the consolidated entity will be able to continue as a going concern and, therefore these financial statements have been prepared on a going concern basis. Accordingly, the financial statements do not include any adjustments in relation to the recoverability or classification of recorded assets, or to the amounts of classification or liabilities that might be necessary should the consolidate entity not be able to continue as a going concern.

(b) Basis of preparation

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

The company's preliminary financial report does not include all the notes of the type normally include in an annual financial report. The preliminary financial report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements of Australian Accounting Standards and Interpretations and the *Corporations Act 2001*.

The financial statements were authorised for issue on by the directors of the company.

(c) New and amended standards adopted by the group

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current year. The adoption of these standards and interpretations did not have any significant impact on the financial performance or position of the company.

(d) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

1 Summary of significant accounting policies (continued)

(d) New standards and interpretations not yet adopted (continued)

Title	Nature of change	Impact	Application date
AASB 15 *Revenue from Contracts with Customers*	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	The group is currently not generating revenue from contracts and thus the impact is expected to be nil. The group will choose between a full retrospective and a modified retrospective approach in the coming months.	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the group: 1 January 2018.
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.	The group is still determining if there will be any potential impact.	Must be applied for financial years commencing on or after 1 January 2018.
AASB 16 *Leases*	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.	The group is still determining if there will be any potential impact.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Operating segments

(a) Identification of reportable operating segments

The consolidated entity is organised into two operating segments: modeling and investment. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors, identified as the Chief Operating Decision Makers (CODM), in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and loss before income tax and the accounting policies adopted for internal reporting to the CODM are consistent with those applied in the financial statements.

The information is reported to the CODM on at least a monthly basis.

2 Operating segments (continued)

(b) Types of products and services

The principle products and services of each of these operating segments are as follows:

Modeling	Provision of management services to the modeling industry
Corporate	Management of an investment in the primary and resources industry

(c) Intersegment transactions

Any intersegment transactions are at market rates and are eliminated on consolidation.

(d) Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration to be received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

(e) Major customers

There were no significant customers in any reported segment that comprise greater than 10 percent of the segments aggregated revenues (2016: none).

(f) Geographical regions

During the current financial year the consolidated group operated its activities in one geographical location, Australia.

(g) Segment results

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 June 2017 is as follows:

Consolidated entity 2017	**Modelling** $	**Corporate** $	**Intersegment eliminations** $	**Unallocated** $	**Total** $
Sales to external customers	**1,191,528**	**-**	**-**	**-**	**1,191,528**
Other income	**1,996**	**14,977**	**-**	**-**	**16,973**
Interest received	**-**	**650**	**-**	**-**	**650**
Revenue from	**1,193,524**	**15,627**	**-**	**-**	**1,209,151**
EBITDA					
Adjusted EBITDA	**(23,846)**	**(205,927)**	**-**	**-**	**(229,773)**
Finance costs	**-**	**(9,000)**	**-**	**-**	**(9,000)**
Loss before income tax	**(23,846)**	**(214,927)**	**-**	**-**	**(238,773)**
Assets					
Segment assets	**200,786**	**1,027,677**	**-**	**49,878**	**1,278,341**
Intersegmental eliminations	**-**	**-**	**(224,000)**	**-**	**(224,000)**
Total assets	**200,786**	**1,027,677**	**(224,000)**	**49,878**	**1,054,341**
Liabilities					
Segment liabilities	**617,539**	**536,564**	**-**	**-**	**1,154,103**
Intersegmental eliminations	**-**	**-**	**(224,000)**	**-**	**(224,000)**
Total liabilities	**617,539**	**536,564**	**(224,000)**	**-**	**930,103**

2 Operating segments (continued)

(g) Segment results (continued)

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 June 2016 is as follows:

Consolidated entity 2016	**Modelling** $	**Corporate** $	**Intersegment eliminations** $	**Unallocated** $	**Total** $
Sales to external customers	1,209,208	-	-	-	1,209,208
Other income	6,172	-	-	-	6,172
Interest received	-	2,221	-	-	2,221
Revenue from external customers	1,215,380	2,221	-	-	1,217,601
Adjusted EBITDA	(72,839)	(226,643)	-	-	(299,482)
Depreciation and amortisation	(1,235)	-	-	-	(1,235)
Finance costs	-	(9,000)	-	-	(9,000)
Adjusted EBITDA	(74,074)	(235,643)	-	-	(309,717)
Assets					
Segment assets	170,253	1,034,917	-	42,257	1,247,427
Intersegmental eliminations	-	-	(394,000)	-	(394,000)
Total assets	170,253	1,034,917	(394,000)	42,257	853,427
Liabilities					
Segment liabilities	563,160	515,230	-	(7,621)	1,070,769
Intersegmental eliminations	-	-	(224,000)	-	(224,000)
Total liabilities	563,160	515,230	(224,000)	(7,621)	846,769

3 Revenue

The group derives the following types of revenue:

	Consolidated entity Year ended 30 June 2017 $	30 June 2016 $
Operating activities		
Services	**1,191,528**	1,209,208
Non-operating activities		
Other income	**16,973**	6,172
Interest received	**650**	2,221
	17,623	8,393
Total revenue	**1,209,151**	1,217,601

4 Expenses

	Consolidated entity Year ended 30 June 2017 $	30 June 2016 $
Corporate administrative expenses		
Audit and review fees	**35,200**	33,000
Administration and corporate	**141,352**	162,174
Depreciation	**-**	1,235
Doubtful debts	**(5,183)**	4,681
Bad debts	**-**	4,249
	171,369	205,339

	Consolidated entity Year ended 30 June 2017 $	30 June 2016 $
Employment and consulting fees		
Wages and salaries	**248,033**	264,993
Directors' fees	**63,000**	75,000
Superannuation	**23,485**	25,015
Consulting fees	**15,000**	-
Other employee benefits expense	**2,919**	12,382
	352,437	377,390

5 Income tax expense

(a) Income tax expense

	Consolidated entity Year ended 30 June 2017 $	30 June 2016 $
Income tax expense	**-**	-

5 Income tax expense (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated entity Year ended 30 June 2017 $	30 June 2016 $
Profit from continuing operations before income tax expense	**(238,773)**	(309,717)
Tax at the Australian tax rate of 27.5% (2016 - 30.0%)	**(65,663)**	(92,915)
Current year tax benefit not recognised	**65,663**	92,915
Income tax expense	**-**	-

(c) Tax losses

	Consolidated entity Year ended 30 June 2017 $	30 June 2016 $
Unused tax losses for which no deferred tax asset has been recognised	**9,026,603**	8,798,910
Potential tax benefit @ 27.5%	**2,482,316**	2,639,673

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised if the continuity of ownership test is passed or failing that, the same business test.

Unused capital losses of $8,238,934 (2016: $8,238,934) have not been recognised.

The above potential tax benefit, which excluded tax losses have not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

6 Cash and cash equivalents

	Consolidated entity 30 June 2017 $	30 June 2016 $
Current assets		
Cash at bank	**497,923**	305,569
Cash on hand	**-**	194
	497,923	305,763

7 Equity

(a) Share capital

	30 June 2017 Shares	**30 June 2017 $**	30 June 2016 Shares	30 June 2016 $
Ordinary shares				
Ordinary shares - fully paid	**1,822,036,545**	**28,138,393**	1,522,536,545	27,782,040
Total share capital	**1,822,036,545**	**28,138,393**	**1,522,536,545**	**27,782,040**

(i) Movements in ordinary shares

Details	**Number of shares**	**$**
Balance at 30 June 2015	1,259,619,878	27,471,612
Shares issued	262,916,667	321,500
Less: Transaction costs arising on share issue	-	(11,072)
Balance at 30 June 2016	**1,522,536,545**	**27,782,040**
Shares issued	**299,500,000**	**359,400**
Less: Transaction costs arising on share issue	**-**	**(3,047)**
Balance at 30 June 2017	**1,822,036,545**	**28,138,393**

(ii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(iii) Capital risk management

The group's objectives and policies are to maintain a strong and flexible capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The group's capital is made up of only ordinary shares. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group’s financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of return on capital (defined as total shareholders’ equity attributable to members divided by number of shares on issue), distributions to shareholders and share issues.

The capital risk management policy remains unchanged from the 30 June 2016 annual report.

8 Cash flow information

	Consolidated entity Year ended 30 June 2017 $	30 June 2016 $
Profit for the period	**(238,773)**	(309,717)
Adjustment for		
Depreciation and amortisation	**-**	1,235
Interest on borrowings	**9,000**	9,000
Movement on accounts receivable	**35,436**	63,037
Movement on other current assets	**(1,320)**	(521)
Movement on accounts payable	**48,591**	(22,303)
Movement on other current liabilities	**(10,933)**	1,897
Movement on other non-current liabilities	**2,806**	-
Net cash inflow (outflow) from operating activities	**(155,193)**	(257,372)

9 Earnings per share

(a) Reconciliation of earnings used in calculating earnings per share

	Consolidated entity Year ended 30 June 2017 $	30 June 2016 $
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
Net loss attributable to ordinary equity holders of the parent	**(235,196)**	(298,606)
Add back profit (loss) attributable to non-controlling interests	**(3,577)**	(11,111)
	(238,773)	(309,717)

(b) Weighted average number of shares used as the denominator

	Consolidated entity Year ended 2017 Number	2016 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**1,529,921,477**	1,400,013,776