BKM Management Limited
ABN 61 009 146 543

Annual report for the year ended 30 June 2019

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Annual report - 30 June 2019

Directors	Mr Alvin Tan *Non-Executive Chairman* Mr Evan McGregor *Non-Executive Director* Mr Benjamin Song *Non-Executive Director* Mr Dennis Yong *Non-Executive Director*
Secretary	Mr Phillip Hains
Registered office and principal place of business	Level 3, 62 Lygon Street Carlton VIC 3053 Telephone: +61 (0)3 9824 5254 Facsimile: +61 (0)3 9822 7735
Share register	Advanced Share Registry Ltd 110 Stirling Highway Nedlands WA 6009 Australia Telephone: +61 (0)8 9389 8033
Auditor	William Buck Audit (VIC) Pty Ltd Level 20, 181 William Street Melbourne VIC 3000 Australia Telephone: +61 (0)3 9824 8555
Solicitors	Steinepreis Paganin Level 4, 16 Milligan Street Perth WA 6000 Australia Telephone: +61 (0)8 9321 4000
Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
Website	www.bkmmanagement.com

Your directors present their report on the consolidated entity consisting of BKM Management Limited and the entities it controlled at the end of, or during, the year ended 30 June 2019. Throughout the report, the consolidated entity is referred to as the group.

Directors and company secretary

The following persons held office as directors of BKM Management Limited during the financial year:

Mr Alvin Tan, Non-Executive Chairman
Mr Evan McGregor, Non-Executive Director
Mr Benjamin Song, Non-Executive Director
Mr Dennis Yong, Non-Executive Director

The following person held office as company secretary of BKM Management Limited during the financial year:

Mr Phillip Hains

Principal activities

During the year the principal continuing activities of the group consisted of:

- The operation of talent management services to the modelling and acting industries in Australia.

There has been no significant changes in the nature of those principal activities during the financial year.

Dividends

No dividends were declared or paid to members for the year ended 30 June 2019. The directors do not recommend that a dividend be paid in respect of the financial year.

Review of operations

BKM Management Limited (BKM), has reported a loss for the full year of $226,023 (2018: $391,159), with net deficiency of assets increasing to $744,856 (2018: $518,833). As at 30 June 2019 the group had cash reserves of $191,142 (2018: $167,949).

Scene Model Management

Revenue slipped 14.7 percent 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.

Despite the challenging times, Scene continues to show strong evidence of improvement due to its reduced operating costs, $159,988 lower in the year ended 30 June 2019 when compared to the comparative period in 2018. The extent of this cost reduction program has resulted in the Scene subsidiary reporting a profit of $14,510 for the year ended 30 June 2019.

This turn-around has come on the back of the consolidation of operations out of the Perth branch and an increased focus on Scene’s actor management agency, ‘Now Actors’, which is heavily dependent on its online presence. The decreased focus on modelling towards actors’ management acknowledges the decline in the traditional modelling sector and places Scene in a strong position to take advantage of market trends towards digital marketing and online media. The board of BKM and Scene’s management are continuing to position the business to respond to the new challenges posed.

There are also a number of new business initiatives which have been identified that can be rolled out in the future under the Scene banner to derive more revenue for the group. Further information is contained in the section titled 'likely developments and expected results of operations' below.

Review of operations (continued)

Zenith Agro Group Pte Ltd

On 28 July 2017, BKM advised that it had entered into a non-binding term sheet to acquire 100 percent of Zenith Agro Group Pte Ltd (ZAG), an agricultural company focused on Agarwood tree plantation development in Cambodia. Subsequently, the group indicated that the project may have difficulty in being acquired under the original terms agreed between the parties and the board was reviewing its position in relation to this transaction. During the year ended 30 June 2019, ZAG due diligence costs declined substantially to $500, versus $126,854 during the same period in 2018. This reflects the cessation of formal due diligence work by external consultants and advisors; the board instead sought to restructure aspects of the deal with ZAG's management and executive team.

On 30 November 2018, the group announced that, 'after extensive due diligence and negotiations, the parties have mutually agreed not to proceed at this time.' The board wishes to advise that the main reasons for the group to walk away from the transaction were the inability of the proposed transaction to satisfy the rigorous requirements for reinstatement, and of the vendor party to provide the necessary information on a timely basis. Consequently, the board decided not to proceed.

IGC Asia Pte Ltd

BKM's 30 June 2018 annual report stated that the group had been working with the management team at IGC Asia, in which it holds a minority interest, to identify additional investment opportunities in primary industry and resource sectors. Nothing materialised from this process and for this reason, the board has ceased discussions with IGC Asia and decided to focus on its existing talent management services business, Scene.

Significant changes in the state of affairs

Other than the information disclosed in the 'review of operations' above, there are no significant changes in the state of affairs that the group has not disclosed.

Events since the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

As stated in the 'review of operations' and separately announced on 27 February 2019, the group's implementation of changes in the operation of Scene have strengthened the business and the board has engaged additional resources to further review, develop and expand the operations in its model placement and actor management service offering. There are a number of new business initiatives which have been identified that can be rolled out under the Scene banner, including a modelling academy, to derive more revenue for the group. The group will announce its full strategy to develop Scene once this review has been finalised by the board.

It is the board's intention to seek additional funding to implement an expanded offering utilising the Scene brand and management and will seek reinstatement of trading on the ASX.

Environmental regulation

The group is not affected by any significant environmental regulation in respect of its operations.

Information on directors

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

Mr Alvin Tan *Non-Executive Chairman*		
Experience and expertise	Alvin has a wide range of experience in investment markets in Australia and overseas. He has worked with KPMG Peat Marwick in Kuala Lumpur and has been an investment advisor in the Asia-Pacific equity markets for DJ Carmichael Pty Ltd.	
Qualifications	Bachelor of Commerce (with honors)	
Other current directorships	Advanced Share Registry Limited (ASX: ASW), since 2007 South Pacific Resources Limited (ASX: SPB), since 2000	
Former directorships in last 3 years	None	
Committees	Chair of the audit committee	
Interests in shares and options	Ordinary shares	24,100,000
	Options	-

Mr Evan McGregor *Non-Executive Director*		
Experience and expertise	Evan has a wide range and depth of business development skills from his many years of involvement with small emerging listed companies. He has worked at a senior level in large organisations and his specialties include strategic analysis, negotiations and corporate and financial management.	
Qualifications	Bachelor of Economics Bachelor of Science	
Other current directorships	None	
Former directorships in last 3 years	Stargroup Limited (ASX: STL), until 28 November 2018	
Committees	Member of the audit committee	
Interests in shares and options	Ordinary shares	73,160,735
	Options	-

Information on directors (continued)

Mr Benjamin Song *Non-Executive Director*		
Experience and expertise	Mr Song has more than 18 years' experience in managing and running companies. He had worked in a consultancy firm where he handled many projects. From 2006 to 2009, Benjamin was a director and a manager of FX1 Capital Pte Ltd, where he managed funds for high net worth clients. He now sits on board with a property developing company, Bakken Development LLC developing projects in North Dakota. Benjamin is also involved in commodity trading including gold, oil, coal and other precious metals since 2009, working with both buyers and sellers in the international arena.	
Qualifications	Degree in Civil and Structural Engineering (with honors)	
Other current directorships	None	
Former directorships in last 3 years	None	
Committees	Audit committee member	
Interests in shares and options	Ordinary shares	-
	Options	-

Mr Dennis Yong *Non-Executive Director*		
Experience and expertise	Mr Yong has more than 25 years’ experience in managing and running companies. Dennis was appointed in 2016 as Chief Consultant to Amber Skyline Pte Ltd, a branding and marketing consultancy company. He is also the Chief Consultant of d’Brain Singapore - an investment company focusing on global property development and investment, as well as providing business solutions, fund raising and marketing consultancy services. He was the founder of GPS Alliance real estate service provider in 2010 and had been the Group’s CEO since. Dennis started his career in the real estate industry in 1999 and has managed two other real estate companies as Executive Director and COO. Under his leadership at GPS, he successfully listed GPS Alliance Holdings Limited on the ASX in July 2013.	
Qualifications	Bachelor of Science in Real Estate Management (Heriot-Watt University) Diploma in Building (Singapore Polytechnic)	
Other current directorships	None	
Former directorships in last 3 years	GPS Alliance Holdings Limited (ASX: GPS)	
Committees	None	
Interests in shares and options	Ordinary shares	-
	Options	-

Company secretary

The company secretary is Mr Phillip Hains, appointed to the position on 21 December 2004. Mr Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Mr Hains has served the needs of a number of company boards and their related committees. He has over 30 years' experience in providing businesses with accounting, administration, compliance and general management services. He holds a Master of Business Administration from RMIT University and a Public Practice Certificate from the Chartered Accountants Australia and New Zealand.

Meetings of directors

	Full meetings of directors		Audit and risk committee	
	Attended	**Held**	**Attended**	**Held**
Mr Alvin Tan	9	9	7	7
Mr Evan McGregor	9	9	7	7
Mr Benjamin Song	9	9	7	7
Mr Dennis Yong**	1	9	-	-

** = Not a member of the relevant committee

Remuneration report (audited)

The directors present the BKM Management Limited 2019 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

A Principles used to determine the nature and amount of remuneration
B Link between remuneration and performance
C Details of remuneration
D Contractual arrangements for executive KMP
E Non-executive director arrangements
F Share-based compensation
G Additional disclosures relating to key management personal
H Other transactions with directors and other key management personnel

(A) Principles used to determine the nature and amount of remuneration

Remuneration of all executive and non-executive directors, officers and employees is determined by the board of directors ('board').

The group is committed to remunerating senior executives and executive directors in a manner that is market-competitive and consistent with 'best practice' including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the executives' position, experience and performance, and may be satisfied via cash or equity. Director remuneration takes into account the risk and liabilities assumed by the directors and executives as a result of their involvement in the speculative activities undertaken by the group. The group has not engaged independent remuneration consultants to review key management personnel (KMP) remuneration.

(B) Link between remuneration and performance

The tables below set out summary information about the group's earnings and movement in shareholder wealth for the five years to 30 June 2019:

	30 June 2019 $	**30 June 2018 $**	**30 June 2017 $**	**30 June 2016 $**	**30 June 2015 $**
Revenue from services	907,234	1,063,157	1,191,528	1,209,208	1,424,547
Net profit/(loss) before tax	(226,023)	(391,159)	(490,682)	(309,717)	(261,330)
Net profit/(loss) after tax	(226,023)	(391,159)	(490,682)	(309,717)	(261,330)

The company's earnings have remained negative since inception due to the nature of the business. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by BKM Management Limited. The company continues to focus on achieving key operational and commercial milestones in order to add further shareholder value.

No dividends have been paid for the five years to 30 June 2019.

	30 June 2019 Cents	**30 June 2018 Cents**	**30 June 2017 Cents**	**30 June 2016 Cents**	**30 June 2015 Cents**
Share price at start of year	0.20	0.10	0.10	0.10	0.10
Share price at end of year	0.20	0.20	0.10	0.10	0.10
Basic earnings/(loss) per share	(0.013)	(0.021)	(0.030)	(0.023)	(0.021)
Diluted earnings/(loss) per share	(0.013)	(0.021)	(0.030)	(0.023)	(0.021)

Remuneration report (audited) (continued)

(C) Details of remuneration

Details of the remuneration of the directors, other KMP (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the group) and specified executives of BKM Management Limited are set out in the following tables.

The following person was considered other KMP of BKM Management Limited during the financial year:

- Mr Anthony Harden, Manager (Scene Model Management Pty Ltd)

2019	Short-term benefits			Post employment benefits	Long-term benefits	
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	Total $
Non-executive directors						
Mr Alvin Tan	42,955	-	-	-	-	42,955
Mr Evan McGregor	36,000	-	-	-	-	36,000
Mr Benjamin Song	-	-	-	-	-	-
Mr Dennis Yong	-	-	-	-	-	-
Other KMP						
Mr Anthony Harden	70,000	2,288	-	6,650	1,376	80,314
Total KMP compensation	**148,955**	**2,288**	**-**	**6,650**	**1,376**	**159,269**

Notes

- Anthony Harden received a discretionary bonus of $2,288 in the year ended 30 June 2019 recognising past performance. These were not related to specific KPIs or similar metrics.

2018	Short-term benefits			Post employment benefits	Long-term benefits	
	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	Total $
Non-executive directors						
Mr Alvin Tan	42,000	-	-	-	-	42,000
Mr Evan McGregor	41,000	-	-	-	-	41,000
Mr Benjamin Song	-	-	-	-	-	-
Mr Dennis Yong	-	-	-	-	-	-
Other KMP						
Mr Anthony Harden	73,000	-	-	6,935	1,381	81,316
Total KMP compensation	**156,000**	**-**	**-**	**6,935**	**1,381**	**164,316**

Remuneration report (audited) (continued)

(D) Contractual arrangements for executive KMP

Name:	Mr Anthony Harden
Position:	Manager
Contract duration:	Unspecified
Notice period:	3 months by either party
Fixed remuneration:	Base salary of $70,000, plus statutory superannuation

(E) Non-executive director arrangements

Non-executive directors receive a board fee inclusive of chairing or participating on board committees. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation.

Fees are reviewed annually by the board taking into account comparable roles and market data provided by the board’s independent remuneration adviser.

Base fees	
Chair	$36,000
Other non-executive directors	$36,000
Additional fees	
Audit and risk management committee - chair	$0
Audit and risk management committee - member	$0
Remuneration and nominations committee - chair	$0
Remuneration and nominations committee - member	$0

(F) Share-based compensation

Options

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Remuneration report (audited) (continued)

(G) Additional disclosures relating to key management personnel

Share holdings

The number of shares in the parent entity held during the financial years ended 30 June 2019 by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

2019	Balance at the start of the period[1]	Granted as remuneration	Received on exercise of options	Other changes[2]	Balance at the end of the period[3]
Ordinary shares					
Mr Alvin Tan	24,100,000	-	-	-	24,100,000
Mr Evan McGregor	73,160,735	-	-	-	73,160,735
Mr Benjamin Song	-	-	-	-	-
Mr Dennis Yong	-	-	-	-	-
Mr Anthony Harden	2,000,000	-	-	-	2,000,000
	99,260,735	**-**	**-**	**-**	**99,260,735**

1. Balance may include shares held prior to individuals becoming KMP. For individuals who became KMP during the period, the balance is as at the date they became KMP.

2. Other changes incorporates changes resulting from the sale of shares.

3. For former KMP, the balance is as at the date they cease being KMP.

Remuneration report (audited) (continued)

(H) Other transactions with directors and other key management personnel

Transactions with key management personnel

The following transactions occurred with related parties:

	Consolidated entity	
	30 June 2019 $	**30 June 2018** $
Payment for other expenses:		
Share registry services to Advanced Share Registry (a company in which Alvin Tan is a director).	5,950	5,259

Receivable from and payable to related parties

There were no trade receivables from related parties. The trade and other payables balance as at 30 June 2019 contains accrued directors' fees of $69,060 (2018: $69,060) and related party payables for director controlled entities of $213,762 (2018: $148,787).

The directors' fees balance comprises $23,060 and $46,000 payable to Mr Alvin Tan and Mr Evan McGregor, respectively. The director-controlled entities balance comprises directors' fees of $64,562 and $115,500 payable to Mr Alvin Tan and Mr Evan McGregor, respectively; and consulting fees of $46,700 and $5,000 payable to Mr Alvin Tan and Mr Evan McGregor, respectively.

Loans to/ from related parties

There were no balances outstanding at the end of the reporting period in relation to loans with related parties.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

[This concludes the remuneration report, which has been audited]

Shares under option

Unissued ordinary shares

No unissued ordinary shares of BKM Management Limited were outstanding at the date of this report.

Shares issued on the exercise of options

No ordinary shares of BKM Management Limited were issued during the year ended 30 June 2019 on the exercise of options granted.

Insurance of officers and indemnities

Insurance of officers

The group has entered into an Officer's Protection Deed with each of the directors to indemnify each of them against any liability that may be incurred in relation to their duties as an officer of the group to the extent permitted by the law. This indemnification continues for seven years after termination of the directorship.

The group has not otherwise, during or since the financial year, paid a premium in respect of a contract to insure the directors and officers of the group against a liability to the extent permitted by the *Corporations Act 2001*.

Indemnity of auditors

The group has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the group or any related entity against a liability incurred by the auditor.

During the financial year, the group has not paid a premium in respect of a contract to insure the auditor of the group or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

During the year ended 30 June 2019, the group did not engage the external auditor to provide non-audit services.

Auditor's 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 14.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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

Mr Alvin Tan
Non-Executive Chairman

Melbourne
30 September 2019

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BKM MANAGEMENT LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2019 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow
Director

Dated this 30th day of September 2019

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williambuck.com

Corporate governance statement

The group is committed to implementing the highest standards of corporate governance. In determining what those standards should involve, the group has considered the ASX Corporate Governance Council's ('the council') Corporate Governance Principles and Recommendations.

A review of the group's 'corporate governance framework' is performed on a periodic basis to ensure that it is relevant and effective in light of changing legal and regulatory requirements. The board of directors ('the board') continues to adopt a set of corporate governance practices and a code of conduct appropriate for the size, complexity and operations of the group and its subsidiaries.

Where the group's corporate governance practices do not correlate with the practices recommended by the council, the group states that fact and has set out a mandate for future compliance when the size of the group and the scale of its operations warrants the introduction of those recommendations. All charters and policies are available from the group's website.

Principle 1: Lay solid foundations for management and oversight

Role of the board and management
The board's role is to govern the group rather than to manage it. In governing the group, the directors must act in the best interest of the group as a whole. It is the role of senior management to manage the group in accordance with the direction and delegations of the board and the responsibility of the board to oversee the activities of management in carrying out these delegated duties.

In general, the board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the group. It is required to do all things that may be necessary to be done in order to carry out the objectives of the group.

Without intending to limit this general role of the board, the principal functions and responsibilities of the board include the following:

(1) *Leadership of the organisation:* overseeing the group and establishing codes that reflect the values of the group and guide the conduct of the board, management and employees.

(2) *Strategy formulation:* to set and review the overall strategy and goals for the group and ensure that there are policies in place to govern the operation of the group.

(3) *Overseeing planning activities:* overseeing the development of the group's strategic plan and approving that plan as well as the annual and long term budgets.

(4) *Shareholder liaison:* ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings.

(5) *Monitoring, compliance and risk management:* overseeing the development of the group's risk management, compliance, control and accountability systems and monitoring and directing the financial and operation performance of the group.

(6) *Group finances:* approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.

(7) *Human resources:* appointing, and, where appropriate, removing the executive officers as well as reviewing the performance of management and monitoring the performance of senior management in their implementation of group's strategy.

(8) *Ensuring the health, safety and well-being of employees:* in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the group's occupational health and safety systems to ensure the well-being of all employees.

Principle 1: Lay solid foundations for management and oversight (continued)

(9) *Delegation of authority:* delegating appropriate powers to executives of the group to ensure the effective day-to-day management of the group and establishing and determining the powers and functions of the committees of the board.

(10) *Audit, risk and compliance policy:* assisting the board in fulfilling its responsibilities in respect of establishing an oversight and management of risk within the group.

(11) *Remuneration and nomination policy:* assisting the board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees and achieve a structured board that adds value to the group by ensuring an appropriate mix of skills are present in directors on the board at all times.

Full details of the board's role and responsibilities are contained in the board charter, a copy of which is available for inspection at the group's registered office.

Board appointments
The group undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The group provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing.

The company secretary
The company secretary is accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board, including agendas, board papers and minutes, advising the board and its committees (as applicable) on governance matters, monitoring that the board and committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

The terms of the appointment of a company secretary are agreed upon and set out in writing.

Diversity
The group values the differences between its personnel and the valuable contribution that these differences can make to the group. The group has not set any gender specific diversity targets as the group is an equal opportunity employer that aims to recruit staff from as diverse a pool of qualified candidates as reasonably possible based on their skills, qualifications and experience. Executives, employees and consultants are engaged by the group based on the right person for the job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability or appearance.

The following table demonstrates the group's gender diversity as at the date of this report:

	Number of males	**Number of females**
Directors	4	-
Key management personnel	1	-
Other employees/consultants	3	2

Performance review
A 'performance evaluation policy' has been established to evaluate the performance of the KMP, board, individual directors and executive officers of the group. The board is responsible for conducting evaluations on an annual basis in line with these policy guidelines.

Principle 1: Lay solid foundations for management and oversight (continued)

During the reporting period, the board conducted individual and group performance evaluations on an informal basis which provided the board and KMP with valuable feedback for future development.

Independent advice
The board collectively and each director has the right to seek independent professional advice at the group's expense, up to specified limits to be determined by the board if required, to assist them to carry out their responsibilities.

Principle 2: Structure the board to add value

Composition of the board
To add value to the group, the board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the directors and their qualifications and experience are stated in the under the section headed 'Information on directors' along with the term of office held by each of the directors.

The board believes that the interests of all shareholders are best served by:

- Directors having the appropriate skills, experience and contacts within the group's industry;
- The group striving to have a number of directors being independent; and
- Some major shareholders being represented on the board.

The group recognises the importance of non-executive directors and the external perspective and advice that non-executive directors can offer. Further, the group also recognises the importance of independent directors in ensuring shareholders that the board is properly fulfilling its role.

The group determines whether a director is independent in accordance with the independence guidelines set out in the ASX Governance Recommendations. The board consists of a majority of independent directors. Evan McGregor, Benjamin Song and Dennis Yong are all considered to be independent.

The board is responsible for the nomination and selection of directors. Due to the size of the board and the group and the scope of the group's operations, it is deemed appropriate for the board to act as the remuneration and nomination committee. The nomination duties include devising criteria for board membership, regularly reviewing the structure of the board and identifying specific individuals for nomination/removal as directors for review by the board. Further responsibilities include overseeing management succession plans and their direct reports and evaluation of the board's performance.

Directors are appointed based on the specific skills required to effectively govern the group. The board periodically assesses the competencies and experience of each board member and the experiences and skills required at board level to meet its operational objectives. The board has a skills matrix covering the competencies and experience of each member. When the need for a new director is identified, the required experience and competencies of the new director are defined in the context of this matrix and any gaps that may exist.

Induction of new directors and ongoing development
It is the policy of the group that new directors undergo an induction process in which they are given a full briefing on the group. Information conveyed to new directors includes:

- details of the roles and responsibilities of a director;
- formal policies on director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- a copy of the board charter;
- guidelines on how the board processes function;
- details of past, recent and likely future developments relating to the board including anticipated regulatory changes;

Principle 2: Structure the board to add value (continued)

- background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- an analysis of the group, and
- a copy of the constitution of the company.

In order to achieve continuing improvement in board performance, all directors are encouraged to undergo continual professional development.

Principle 3: Promote ethical and responsible decision making

Code of conduct
As part of its commitment to recognising the legitimate interests of stakeholders, the group has established a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This code includes the following:

Responsibilities to shareholders and the financial community generally
The group complies with the spirit as well as the letter of all laws and regulations that govern shareholders’ rights. The group has processes in place designed to ensure the truthful and factual presentation of the group's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to clients, customers and consumers
The group has an obligation to use its best efforts to deal in a fair and responsible manner with each of the group's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

Employment practices
The group endeavors to provide a safe workplace in which there is equal opportunity for all employees at all levels of the group. The group does not tolerate the offering or acceptance of bribes or the misuse of group assets or resources.

Obligations relative to fair trading and dealing
The group aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws and strives to deal fairly with the group's customers, suppliers and competitors and encourages its employees to strive to do the same.

Responsibilities to the community and to individuals
As part of the community the group is committed to conducting its business in accordance with applicable environmental laws and regulations and supports community charities.

The group is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of interest
Directors and employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the group.

How the group complies with legislation affecting its operations
Within Australia, the group strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the group will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the group's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of 'gifts', group policy will prevail.

Principle 3: Promote ethical and responsible decision making (continued)

How the group monitors and ensures compliance with its code
The board, management and all employees of the group are committed to implementing this code of conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the code.

Trading in the group's shares
The group has a share trading policy which states that directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the group's securities prior to that unpublished price sensitive information being released to the market via the ASX. Unpublished price sensitive information is information regarding the group, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the group's securities.

Principle 4: Safeguard integrity in corporate reporting

Audit committee
Due to the size of the board and the group and the scope of the group's operations, it is deemed to be more efficient to have the full board act as the audit, risk and compliance committee (audit committee) rather than establishing a separate committee. As a result the board performs the roles of the audit committee as set out in the audit committee charter.

The role of an audit, risk and compliance committee is to fulfilling its responsibilities in respect of establishing an oversight and management of risk within the group.

The audit committee reviews the audited annual and half-yearly financial statements and any reports, which accompany published financial statements before submission to the board and recommends their approval.

The audit committee also recommends to the board the appointment of the external auditor each year, reviews the appointment f the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

As the board acts as the audit committee, the audit committee does not meet all of the council's composition recommendations.

The audit committee is also responsible for establishing policies on risk oversight and management.

The group is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

CFO declarations
The CFO has provided the board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External auditor
The group's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

Principle 5: Make timely and balanced disclosures

The group is committed to ensuring all investors have equal and timely access to material information concerning the group.

The board has designated the company secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with ASX Listing Rules, the group immediately notifies the ASX of information concerning the group:

- That a reasonable person would or may expect to have a material effect on the price or value of the group's securities; and,
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the group's securities.

The information disclosed will be factual and presented in a clear and balanced way that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of shareholders

The group respects the rights of its shareholders and to facilitate the effective exercise of those rights the group is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the group website, information mailed to shareholders, annual and half-year financial statements and the general meetings of the group;
- giving shareholders ready access to balanced and understandable information about the group and corporate proposals; and
- making it easy for shareholders to participate in general meetings of the group.

The group also makes available a telephone number and email address for shareholders to make enquiries of the group. These contact details are available on group ASX announcements and on the group's website.

Principle 7: Recognise and manage risk

The board has established a policy for risk oversight and management within the group. This is periodically reviewed and updated. Management reports to the board on the effectiveness of the group's management of its material business risks. In addition, the board undertakes a review of all major activities to asses risk and the effectiveness of strategies implemented to manage risk. During the reporting period, management has reported to the board as to the effectiveness of the group's management of its material business risks. The group does not have an internal audit function.

The group faces risks inherent to its business, including economic risks, which may materially impact the group's ability to create or preserve value for security holders over the short, medium or long term. The group has in place policies and procedures, including a risk management framework (as described in the group's risk management policy), which is developed and updated to help manage these risks. The board does not consider that the group currently has any material exposure to environmental or social sustainability risks.

Principle 8: Remunerate fairly and responsibly

Remuneration committee
Due to the size of the board and the group and the scope of the group's operations, it is deemed appropriate for the board to act as the remuneration and nomination committee. As a result the board performs the obligations of the remuneration and nomination committee as set out in the committees charter.

Principle 8: Remunerate fairly and responsibly (continued)

The role of a remuneration and nomination committee ('remuneration committee') is to fulfil its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees and achieve a structured board that adds value to the group by ensuring an appropriate mix of skills are present in directors on the board at all times.

The committee's responsibilities include setting policies for senior officers' remuneration, setting the terms and conditions of employment for management, reviewing and making recommendations to the board on the group's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive and making recommendations to the board on any proposed changes and undertake a review of managements' performance, including, setting goals for the coming year and reviewing progress in achieving those goals.

Remuneration policy
The remuneration report includes further details on the group's remuneration policy and its relationship to the group's performance. It also includes details of the remuneration of directors and senior executives. Shareholders are invited to vote on the adoption of the report at the group's annual general meeting.

Participants in any equity based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the group's securities to any other person.

Senior executive remuneration policy
The group is committed to remunerating its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. Under the senior executive remuneration policy, remuneration of senior executives may comprise of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved group performance;
- participation in the share/option scheme with thresholds approved by shareholders; and
- statutory superannuation.

The group aims to align the interests of senior executives with those of shareholders by remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration.

Non-executive director remuneration policy
Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors. Non-executive directors do not receive performance based bonuses and do not participate in equity schemes of the group without prior shareholder approval.

Non-executive directors are entitled to but not necessarily paid statutory superannuation.

BKM Management Limited

ABN 61 009 146 543

Financial report - 30 June 2019

These financial statements are consolidated financial statements for the group consisting of BKM Management Limited and its subsidiaries. A list of major subsidiaries is included in note 12.

The financial statements are presented in the Australian currency.

BKM Management Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Level 3, 62 Lygon Street
Carlton VIC 3053

The financial statements were authorised for issue by the directors on 30 September 2019. The directors have the power to amend and reissue the financial statements.

	Notes	**2019** **$**	2018 Restated $
Revenue from contracts with customers	2	**907,234**	1,063,157
Other income	3(a)	**2,920**	4,534
Other gains/(losses) – net	3(b)	**5,039**	(49,878)
Model and talent costs		**(650,446)**	(776,636)
Corporate administration expenses	3(c)	**(178,080)**	(175,469)
Employment and consulting fees	3(c)	**(272,384)**	(282,765)
Occupancy expenses		**(29,707)**	(38,838)
Other expenses		**(500)**	(126,854)
Operating loss		**(215,924)**	(382,749)
Finance income		**9**	606
Finance expenses		**(10,108)**	(9,016)
Finance costs - net		**(10,099)**	(8,410)
Loss before income tax		**(226,023)**	(391,159)
Income tax expense	4	**-**	-
Loss for the period		**(226,023)**	(391,159)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(226,023)**	(391,159)
Loss is attributable to:			
Owners of BKM Management Limited		**(228,200)**	(390,718)
Non-controlling interests		**2,177**	(441)
		(226,023)	(391,159)
Total comprehensive loss for the period is attributable to:			
Owners of BKM Management Limited		**(228,200)**	(390,718)
Non-controlling interests		**2,177**	(441)
		(226,023)	(391,159)
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	18	**(0.013)**	(0.021)

See note 9(b) for details regarding the restatement as a result of an error

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Notes	**2019** **$**	2018 Restated $
ASSETS			
Current assets			
Cash and cash equivalents	5(a)	**191,142**	167,949
Trade and other receivables	5(b)	**56,633**	33,481
Other current assets		**5,722**	5,722
Total current assets		**253,497**	207,152
Total non-current assets		**-**	-
Total assets		**253,497**	207,152
LIABILITIES			
Current liabilities			
Trade and other payables	5(c)	**801,009**	579,741
Borrowings	5(d)	**90,000**	95,039
Employee benefit obligations	6(a)	**57,344**	51,205
Total current liabilities		**948,353**	725,985
Non-current liabilities			
Borrowings	5(d)	**50,000**	-
Total non-current liabilities		**50,000**	-
Total liabilities		**998,353**	725,985
Net (deficiency of) assets		**(744,856)**	(518,833)
EQUITY			
Share capital	7(a)	**28,138,393**	28,138,393
Accumulated losses		**(28,824,851)**	(28,596,651)
Parent entity interest		**(686,458)**	(458,258)
Non-controlling interests	12(a)	**(58,398)**	(60,575)
Total equity		**(744,856)**	(518,833)

See note 9(b) for details regarding the restatement as a result of an error.

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

	Attributable to owners of BKM Management Limited			
	Share capital $	**Accumulated losses** $	**Non-controlling interests** $	**Total equity** $
Balance at 1 July 2017	28,138,393	(28,205,933)	(60,134)	(127,674)
Loss for the period (restated)	-	(390,718)	(441)	(391,159)
Total comprehensive loss for the period	**-**	**(390,718)**	**(441)**	**(391,159)**
Balance at 30 June 2018 (restated)	**28,138,393**	**(28,596,651)**	**(60,575)**	**(518,833)**

	Notes	Attributable to owners of BKM Management Limited			
		Share capital $	**Accumulated losses** $	**Non-controlling interests** $	**Total equity** $
Balance at 30 June 2018 as originally presented		28,138,393	(28,546,773)	(60,575)	(468,955)
Correction of error		-	(49,878)	-	(49,878)
Restated total equity at 1 July 2018		**28,138,393**	**(28,596,651)**	**(60,575)**	**(518,833)**
Profit/(loss) for the period		-	(228,200)	2,177	(226,023)
Total comprehensive income for the period		**-**	**(228,200)**	**2,177**	**(226,023)**
Balance at 30 June 2019		**28,138,393**	**(28,824,851)**	**(58,398)**	**(744,856)**

See note 9(b) for details regarding the restatement as a result of an error.

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 2019

	Notes	**2019** **$**	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**988,648**	1,173,671
Payments to suppliers and employees (inclusive of GST)		**(1,014,964)**	(1,372,881)
Transaction costs related to Zenith Agro Group due diligence		**(500)**	(126,854)
Net cash (outflow) from operating activities	8	**(26,816)**	(326,064)
Cash flows from investing activities			
Interest received		**9**	606
Net cash inflow from investing activities		**9**	606
Cash flows from financing activities			
Proceeds from issues of convertible notes	5(d)	**50,000**	-
Interest paid		**-**	(4,516)
Net cash inflow (outflow) from financing activities		**50,000**	(4,516)
Net increase (decrease) in cash and cash equivalents		**23,193**	(329,974)
Cash and cash equivalents at the beginning of the financial year		**167,949**	497,923
Cash and cash equivalents at end of period	5(a)	**191,142**	167,949

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

Contents of the notes to the financial statements

1 Segment information

The group has has identified one reportable segment; that is, the provision of talent management services to the modelling and acting industries. The segment details are therefore fully reflected in the body of the financial statements.

2 Revenue from contract with customers

(a) Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of services over time and at a point in time:

	2019 **$**	2018 $
Model management services	**159,386**	245,897
Actor management services	**747,848**	817,260
	907,234	1,063,157

(b) Accounting policies and significant judgements

(i) Model management services

Model management revenue is typically recognised at a point in time when the customer has access to the resulting media content. Contracts do not provide for discounts or rebates which give rise to variable consideration.

(ii) Actor management services

Actor management revenue is typically recognised over a period of time as the customer will receive the benefit of the talent throughout the filming of a television series or film. Contracts do not provide for discounts or rebates which give rise to variable consideration.

3 Other income and expense items

(a) Other income

	2019 **$**	2018 $
Reversal of model payments unpresented	**2,920**	4,534

(b) Other gains/(losses)

	2019 **$**	2018 Restated $
Gain on debt defeasance	**5,039**	-
Net impairment losses	**-**	(49,878)
	5,039	(49,878)

3 Other income and expense items (continued)

(c) Breakdown of expenses

	2019 $	2018 $
Corporate administration expenses		
Audit and review fees	**40,153**	35,420
Expected credit losses	**(2,480)**	3,501
Administration and corporate	**140,407**	136,548
	178,080	175,469
Employment and consulting fees		
Wages and salaries	**170,782**	182,890
Directors' fees	**72,000**	72,000
Superannuation	**15,514**	17,375
Consulting and other employee benefits expenses	**14,088**	10,500
	272,384	282,765

4 Income tax expense

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

	30 June 2019 $	2018 Restated $
Loss from continuing operations before income tax expense	**(226,023)**	(391,159)
Tax at the Australian tax rate of 27.5% (2018: 27.5%)	**(62,156)**	(107,569)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Accrued expenses	**33,421**	(6,136)
Blackhole expenditure (Section 40-880, ITAA 1997)	**(11,048)**	(11,048)
Due diligence costs	**138**	34,885
Employee leave obligations	**14,803**	(593)
Net impairment losses	**-**	(13,716)
Superannuation liability	**2,144**	(585)
	(22,698)	(104,762)
Tax losses and other timing differences for which no deferred tax asset is recognised	**22,698**	104,762
Income tax expense	**-**	-

4 Income tax expense (continued)

(b) Tax losses

	2019 $	2018 Restated $
Unused tax losses for which no deferred tax asset has been recognised	**9,140,014**	9,057,472
Potential tax benefit @ 27.5%	**2,513,504**	2,490,805

The above potential tax benefit for tax losses has not been recognised in the consolidated 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.

The above potential tax benefit has not been recognised in the consolidated statement of financial position as the recovery of this benefit is uncertain.

5 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2019 $	2018 $
Current assets		
Cash at bank	**191,142**	167,949

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	2019 $	2018 $
Balances as above	**191,142**	167,949
Balances per consolidated statement of cash flows	**191,142**	167,949

5 Financial assets and financial liabilities (continued)

(b) Trade and other receivables

		2019			2018		
	Notes	**Current $**	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade receivables		**55,453**	**-**	**55,453**	34,623	-	34,623
Loss allowance	10(a)	**(1,892)**	**-**	**(1,892)**	(4,372)	-	(4,372)
		53,561	**-**	**53,561**	30,251	-	30,251
Other receivables		**3,072**	**-**	**3,072**	3,230	-	3,230
		3,072	**-**	**3,072**	3,230	-	3,230
Total trade and other receivables		**56,633**	**-**	**56,633**	33,481	-	33,481

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

(ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(c) Trade and other payables

	2019			2018		
	Current $	**Non-current $**	**Total $**	Current $	Non-current $	Total $
Trade payables	**595,417**	**-**	**595,417**	402,019	-	402,019
Accrued expenses	**99,217**	**-**	**99,217**	67,097	-	67,097
Accrued directors' fees	**69,060**	**-**	**69,060**	69,060	-	69,060
Model payments unpresented	**19,255**	**-**	**19,255**	18,931	-	18,931
Other payables	**18,060**	**-**	**18,060**	22,634	-	22,634
	801,009	**-**	**801,009**	579,741	-	579,741

5 Financial assets and financial liabilities (continued)

(d) Borrowings

	2019			2018		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$	**$**	**$**	$	$	$
Unsecured						
Bridging advances	**-**	**-**	**-**	5,039	-	5,039
Convertible notes (i)	**90,000**	**50,000**	**140,000**	90,000	-	90,000
Total unsecured borrowings	**90,000**	**50,000**	**140,000**	95,039	-	95,039

(i) Convertible notes

On 18 December 2013, the parent entity issued 90,000 convertible notes at $1 each to HLS Holdings Pte Ltd, an entity related to IGC Asia Pte Ltd. BKM Management Limited has a 26 percent ownership of IGC Asia Pte Ltd as at 30 June 2019. Each convertible note is unsecured and interest is accrued at 10 percent per annum payable at redemption. The notes are convertible into 1,000 ordinary shares of the parent entity for each three convertible notes held, up to a maximum issue of 15 percent of its capital. Conversion is at 0.1 cents per share.

On 12 April 2019, the parent entity issued 50,000 convertible notes at $1 each to Vikris Pte Ltd, an entity related to IGC Asia Pte Ltd. Each convertible note is unsecured and interest is accrued at 10 percent per annum payable at redemption. The notes are convertible into 1,000 ordinary shares of the parent entity for each convertible note held, up to a maximum issue of 15 percent of its capital. Conversion is at 0.1 cents per share.

BKM Management Limited may elect to redeem at any time all of the noteholders' convertible notes for cash at $1 per note, in lieu of converting the convertible notes to shares. If the convertible notes are not converted or redeemed before expiry date, the parent entity shall redeem the convertible notes on expiry date for $1 per note.

The 90,000 convertible notes with HLS Holdings are renewed on a three-month basis, confirmed at each maturity date by the noteholders. On 18 September 2019, the convertible notes were rolled over to 18 December 2019.

The 50,000 convertible notes with Vikris Pte Ltd mature on 11 April 2022.

Quantity	**Value per note ($)**	**Initial date of issue**	**Maturity date**	**Interest rate**
90,000	1	18 December 2013	18 December 2019	10.0%
50,000	1	12 April 2019	11 April 2022	10.0%

6 Non-financial assets and liabilities

(a) Employee benefit obligations

	2019 Current $	2018 Current $
Leave obligations (i)	**51,674**	46,677
Superannuation	**5,670**	4,528
Total employee benefit obligations	**57,344**	51,205

(i) Leave obligations

The leave obligations cover the group's liability for annual leave and long service leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of $51,674 (2018: $46,677) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

7 Equity

(a) Share capital

	2019 Shares	**2019 $**	2018 Shares	2018 $
Ordinary shares				
Ordinary shares - fully paid	**1,822,036,545**	**28,138,393**	1,822,036,545	28,138,393

(i) Movements in ordinary shares

There has been no movement in ordinary shares in the year ended 30 June 2019 (2018: nil).

(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.

8 Cash flow information

	2019 $	2018 (restated) $
Loss for the period	**(226,023)**	(391,159)
Adjustment for		
Debt defeasance	**(5,039)**	-
Impairment losses	**-**	49,878
Finance costs	**-**	4,516
Interest income	**(9)**	(606)
Movement in trade and other receivables	**(23,152)**	52,110
Movement in other operating assets	**-**	(2,529)
Movement in trade and other payables	**221,268**	8,877
Movement in other operating liabilities	**6,139**	(47,151)
Net cash (outflow) from operating activities	**(26,816)**	(326,064)

9 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error.

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- The group writes back at each reporting date, the movement required to derecognise 90 percent of the unpresented model payments liability. This assessment is made on the basis that these payments are highly unlikely to be claimed as at 30 June 2019. This decision was made despite persistent efforts by Scene over several years to track down the recipients. In addition to revenues increasing by $2,920 for the year ended 30 June 2019, the impact of this adjustment has flow-on effects with losses and trade and other payables also reducing by $2,920.
- Estimation of employee benefit obligations - note 6(a)(i)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

9 Critical estimates, judgements and errors (continued)

(b) Correction of error

Subsequent to the issue of the 30 June 2018 financial statements signed on 28 September 2018, the directors determined that an error had been made in relation to the assessment of the valuation of the company's investment in Scene Model Management Pty Ltd, a modelling agency based in Perth, Western Australia. The investment was previously reported at $49,878. In these financial statements, the comparative financial position for the year ended 30 June 2018 in respect of this investment has been adjusted to reflect that investment had a nil value. The corresponding fair valuation loss of $49,878 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018. The consolidated statement of changes in equity also reflects this fair valuation loss, with the loss for the year and accumulated losses balance as at 30 June 2018 both increasing by $49,878, and the total equity balance at 30 June 2018 decreasing by $49,878. Basic and diluted loss per share for the year ended 30 June 2018 were also adjusted to $0.021. This restatement had no impact on the consolidated statement of cash flows.

10 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance.

The group's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

(i) Risk management

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are normally 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

(ii) Impairment of financial assets

The group has one type of financial asset subject to the expected credit loss model:

- trade receivables for the provision of talent management services

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Trade receivables

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables assets have been grouped based on shared credit risk characteristics and the days past due.

10 Financial risk management (continued)

(a) Credit risk (continued)

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2019 from the expected credit loss method was determined to be $1,892. This amount was ascertained based on an individual client analysis; the identified loss beyond this at a portfolio level was determined to be immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 121 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 121 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

(iii) Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $23,815 as at 30 June 2019 (2018: $15,080). The group did not consider the aggregate balances to be impaired after reviewing agency credit information and credit terms of customers based on recent collection practices.

	2019	2018
	$	$
Within initial trade terms	**29,747**	15,171
Less than 30 days overdue	**19,974**	6,203
31 to 60 days overdue	**1,276**	351
More than 60 days overdue	**2,565**	8,526
	53,562	30,251

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

10 Financial risk management (continued)

(b) Liquidity risk

Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The group manages liquidity risk by maintaining adequate cash reserves, continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

At 30 June 2019	**Weighted average interest rate %**	**1 year or less $**	**Between 2 and 5 years $**	**Total $**
Non-derivatives				
Trade payables and other payables	**-**	**801,009**	**-**	**801,009**
Convertible note	**10**	**90,000**	**50,000**	**140,000**
Total non-derivatives		**891,009**	**50,000**	**941,009**

At 30 June 2018	**Weighted average interest rate %**	**1 year or less $**	**Between 2 and 5 years $**	**Total $**
Non-derivatives				
Trade payables and other payables	-	579,741	-	579,741
Bridging advance	-	5,039	-	5,039
Convertible note	10	90,000	-	90,000
Total non-derivatives		674,780	-	674,780

11 Capital management

(a) Risk management

The group'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 benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

12 Interests in other entities

The group's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		2019 %	2018 %	**2019 %**	2018 %	
Elite Models (Aust) Pty Ltd	Australia	**100.0**	100.0	**-**	-	Modelling
Scene Model Management Pty Ltd	Australia	**85.0**	85.0	**15.0**	15.0	Modelling

(a) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. There were no transactions with non-controlling interests during the financial years ended 30 June 2019 or 30 June 2018.

	Scene Model Management Pty Ltd	
Summarised balance sheet	**2019 $**	2018 $
Current assets	**195,547**	161,318
Current liabilities	**(584,885)**	(565,167)
Current net liabilities	**(389,338)**	(403,849)
Non-current net liabilities	**-**	-
Net liabilities	**-**	-
Accumulated NCI	**(58,398)**	(60,575)

12 Interests in other entities (continued)

(a) Non-controlling interests (NCI) (continued)

	Scene Model Management Pty Ltd	
	2019	2018
Summarised statement of profit or loss and other comprehensive income	**$**	$
Revenue and other income	**910,154**	1,067,691
Expenses	**(895,644)**	(1,055,632)
Profit before income tax expense	**14,510**	12,059
Income tax expense	**-**	-
Profit after income tax expense	**14,510**	12,059
Other comprehensive income	**-**	-
Total comprehensive income	**14,510**	12,059

	Scene Model Management Pty Ltd	
	2019	2018
Summarised cash flows	**$**	$
Cash flows from operating activities	**10,919**	9,151
Net increases cash and cash equivalents	**10,919**	9,151

13 Contingent liabilities

The group had no contingent liabilities at 30 June 2019 (2018: nil).

14 Commitments

(a) Capital commitments

The group had no capital commitments at 30 June 2019 (2018: nil).

(b) Non-cancellable operating leases

The group leases a property under a non-cancellable operating lease expiring in April 2020. The lease agreement provides for regular increases based either on CPI or market reviews.

	2019	2018
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**27,863**	32,364
Later than one year but not later than five years	**-**	27,863
	27,863	60,227

15 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.

16 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 12.

(b) Key management personnel compensation

	2019 **$**	2018 $
Short-term employee benefits	**151,243**	156,000
Post-employment benefits	**6,650**	6,935
Long-term benefits	**1,376**	1,381
	159,269	164,316

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 11.

(c) Loans to/from related parties

BKM Management Limited has agreements with various parties to defer settlement of $555,826 (2018: $398,692) of the trade payables balance and the $69,060 (2018: $69,060) accrued directors' fees. These deferrals outline that if sufficient working capital is not available to settle the liabilities, payment will not be expected for a period of at least 12 months from the signing of the annual report for the year ended 30 June 2019.

The deferred settlement balance contains amounts payable to IGC Asia Pty Ltd and its related entities of $76,723 (2018: $67,723), plus $265,342 (2018: $182,182) payable to an entity related to the company secretary of BKM Management Limited, Mr Phillip Hains.

Furthermore, the deferred balance contains accrued directors' fees of $69,060 (2018: $69,060) and related party payables to director-controlled entities of $213,762 (2018: $148,787). The accrued directors' fees balance comprises $23,060 and $46,000 payable to Mr Alvin Tan and Mr Evan McGregor, respectively. The director-controlled entities balance comprises directors' fees of $64,562 and $115,500 payable to Mr Alvin Tan and Mr Evan McGregor, respectively; and consulting fees of $46,700 and $5,000 payable to Mr Alvin Tan and Mr Evan McGregor, respectively.

(d) Terms and conditions

With the exception of the deferral of settlement matters noted above, all transactions were made on normal commercial terms and conditions and at market rates.

17 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

William Buck Audit (VIC) Pty Ltd

	2019 **$**	2018 $
Audit and other assurance services		
Audit and review of financial statements	**40,153**	35,420
Total remuneration for audit and other assurance services	**40,153**	35,420

18 Loss per share

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

	2019 **$**	2018 Restated $
Basic and diluted loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
Net profit/(loss)	**(226,023)**	(391,159)
Add back (profit)/loss attributable to non-controlling interests	**(2,177)**	441
	(228,200)	(390,718)

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

	2019 **Number**	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**1,822,036,545**	1,822,036,545

On the basis of the group's losses, the convertible note borrowings as at 30 June 2019 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

19 Parent entity financial information

(a) Summary financial information

Set out below is the supplementary information about the parent entity.

	2019 $	2018 Restated $
Balance sheet		
Current assets	**446,950**	434,834
Non-current assets	**120,122**	120,122
Total assets	**567,072**	554,956
Current liabilities	**752,468**	549,817
Non-current liabilities	**50,000**	-
Total liabilities	**802,468**	549,817
Net assets	**(235,396)**	5,139
Shareholders' equity		
Share capital	**28,138,393**	28,138,393
Accumulated losses	**(28,373,789)**	(28,133,254)
Total equity	**(235,396)**	5,139
Loss for the period	**(240,533)**	(388,218)
Total comprehensive income	**(240,533)**	(388,218)

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the year ended 30 June 2019 (2018: nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the year ended 30 June 2019 (2018: nil).

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of BKM Management Limited.

Contents of the summary of significant accounting policies

20 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of BKM Management Limited and its subsidiaries.

(a) 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 and the *Corporations Act 2001*. BKM Management Limited is a for-profit entity for the purpose of preparing the financial statements.

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is BKM Management Limited's functional and presentation currency.

(i) Compliance with IFRS

The consolidated financial statements of the BKM Management Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) Going concern

For the year ended 30 June 2019, the group incurred an operating loss of $226,023 and net deficiency of assets as at 30 June 2019 were $744,856. The group held cash and cash equivalents of $191,142 as at 30 June 2019.

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

- As detailed in note 16(c), the trade and other payables balance as at 30 June 2019 contains accrued directors' fees of $69,060, substantial creditors and related party payables for director-controlled entities of $555,826. These amounts are subject to an undertaking which has been provided to the group that repayments of these amounts, and future directors' fees, will not be demanded for a period of at least 12 months from the date of this report unless the group has sufficient cash flows available. The net deficiency of current assets position after taking into account the deferred settlements is $69,970 as at 30 June 2019;
- The group has the ability to scale down its operations sufficiently should the above not occur;
- The convertible note holding of $90,000 has been rolled over to 18 December 2019. The second convertible note holding of $50,000 matures on 11 April 2022. Further details of these borrowing are outlined in note 5(d);
- The directors have the capacity to issue additional securities without shareholder approval through private placement, and
- The group has received letters of support from the directors confirming that they will provide financial support, if required, to ensure that the group has sufficient working capital to pay its debts as they fall due and payable, for a period of at least 12 months from the date of this report.

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

As a consequence of the above, the directors believe that the group 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 group not be able to continue as a going concern.

(iv) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*

The group has changed its accounting policies without making retrospective adjustments following the adoption of AASB 9 and AASB 15. This is disclosed in note 21.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 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.

Title of standard	**AASB 16** ***Leases***
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position by lessees, 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.
Impact	The group has reviewed all leasing arrangements in light of the new lease accounting rules in AASB 16. The standard will affect the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of $27,863, see note 14(b). The group expects to recognise right-of-use assets of approximately $25,291 on 1 July 2019 and lease liabilities of $27,019 (after adjustments for prepayments and accrued lease payments recognised as at 30 June 2019). Overall net assets will be approximately $1,728 lower. The group expects that net profit after tax will increase by approximately $1,728 for the year ended 30 June 2020 as a result of adopting the new rules. Operating cash flows will increase and financing cash flows decrease by approximately $27,863 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.
Mandatory application date/ Date of adoption by group	The group will apply the standard from its mandatory adoption date of 1 July 2019. The group is currently in the process of implementing the standard. The group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

20 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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.

(b) Principles of consolidation

(i) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position, respectively.

(c) Revenue recognition

The accounting policies for the group's revenue from contracts with customers are explained in note 2.

(d) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

20 Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 5(b) for further information about the group's accounting for trade receivables.

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases (note 14). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

(j) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

20 Summary of significant accounting policies (continued)

(j) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(k) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Loss per share

(i) Basic loss per share

Basic earnings per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(m) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar, or in certain cases, the nearest dollar.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

20 Summary of significant accounting policies (continued)

(n) Goods and services tax (GST) (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

21 Changes in accounting policies

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB *15 Revenue from Contracts with Customers* on the group's financial statements.

(a) AASB 9 Financial Instruments – impact of adoption

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The adoption of this standard has not materially impacted the amounts disclosed in these financial statements.

(i) Classification and measurement

Except for certain trade receivables, under AASB 9, the group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The new classification and measurement of the group's debt financial assets are as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category comprises trade and other receivables.

The assessment of the group's business models was made as of the date of initial application, 1 July 2018 and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. There has been no adjustment made to the amounts disclosed as a result of the application of this standard.

(ii) Impairment of financial assets

The adoption of AASB 9 has altered the group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

AASB 9 requires the group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The group has established a provision matrix that is based on the group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of AASB 9 has not resulted in any material change in impairment allowances of the group's debt financial assets.

21 Changes in accounting policies (continued)

(b) AASB 9 Financial Instruments – accounting policies applied from 1 July 2018

Trade receivables

The accounting policies applied by the group from 1 July 2018 are set out in note 20(f).

(c) AASB 15 Revenue from Contracts with Customers – impact of adoption

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard has been applied as at 1 July 2018 using the modified retrospective approach and establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The adoption of AASB 15 has not impacted the amounts disclosed within the financial statements.

(d) AASB 15 Revenue from Contracts with Customers – accounting policies applied from 1 July 2018

Revenue recognition

The accounting policies applied by the group from 1 July 2018 are set out in note 20(c).

In the directors' opinion:

(a) the financial statements and notes set out on pages 22 to 51 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 20(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

Mr Alvin Tan
Non-Executive Chairman

Melbourne
30 September 2019

BKM Management Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BKM Management Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Impairment of goodwill in the Scene Models cash-generating unit

We qualified our audit report for the year ended 30 June 2018, noting that in our opinion, the goodwill should have been impaired as at 30 June 2018. As a consequence, had this impairment been recognised as at 30 June 2018 the loss result expressed in the statement of profit or loss and other comprehensive income would have increased by $49,878 and value of net assets in the statement of financial position would have decreased by the same amount. During the 2019 financial year, the directors revisited this critical accounting

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judgement and determined that their valuation at 30 June 2018 had included an error and that the goodwill should have been impaired at 30 June 2018. The correction of this error is included in Note 9(b) to the financial statements. As a consequence of the restatement, this audit opinion is unmodified.

Material Uncertainty Related to Going Concern

We draw attention to Note 20 in the financial report, which describes that the Group incurred a net loss of $226,023 during the year ended 30 June 2019 and, as of that date, the Group's liabilities exceeded its assets by $744,856. These events or conditions, along with other matters as set forth in Note 20, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our audit opinion is not further modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. In our view there are no key audit matters requiring comment not otherwise discussed in the other matter paragraph and material uncertainty relating to the Going Concern assumption, both of which are set out above.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of the Company for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director

Melbourne, dated this 30th day of September, 2019

The shareholder information set out below was applicable as at 27 September 2019.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Shares
1 - 1000	204,928
1,001 - 5,000	1,194,502
5,001 - 10,000	1,550,829
10,001 - 100,000	13,269,744
100,001 and over	1,805,816,542
	1,822,036,545

B. Equity security holders

20 largest quoted equity security holders

The names of the 20 largest holders of quoted equity securities are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
SB Resources Pte Ltd	200,000,000	10.98
Presage Resources Pte Ltd	140,000,000	7.68
Zenith Argo Group Pte Ltd	125,000,000	6.86
CBS Ventures Pte Ltd	101,400,000	5.57
Peter Paul Wong Yet Cheong	100,000,000	5.49
Brooklyn International Inc	84,784,838	4.65
Slade Technologies Pty Ltd <Embrey Family Superfund A/C>	71,500,000	3.92
Ong Sau Yin	67,892,146	3.73
Nerac Capital Holdings Limited	56,421,918	3.10
World Star Pte Ltd	51,308,403	2.82
Innovation Marketing & Finance Pty Ltd <Super Fund A/C>	49,900,000	2.74
Gavin Chan	34,000,000	1.87
Cudgen Superannuation Services Pty Ltd	30,600,000	1.68
Fond Poh Leng	30,000,000	1.65
Yew Kam Lan	29,500,000	1.62
Mr Marco Giustino Longo + Mrs Irina Longo <M&IL Super Fund A/C>	28,471,320	1.56
Coastal Inc	28,469,178	1.56
Cudgen Superannuation Services Pty Ltd	26,900,000	1.48
Chan Hock Chiew	25,500,000	1.40
J P Morgan Nominees Australia Limited	25,273,913	1.39
	1,306,921,716	**71.75**

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
SB Resources Pte Ltd	200,000,000	1.98%
Presage Resources Pte Ltd	140,000,000	7.68%
Zenith Argo Group Pte Ltd	125,000,000	6.86%
CBS Ventures Pte Ltd	101,400,000	5.57%
Peter Paul Wong Yet Cheong	100,000,000	5.49%
	666,400,000	**27.58%**

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares
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.

There are no other classes of equity securities.