

BKM MANAGEMENT LIMITED AND CONTROLLED ENTITIES

APPENDIX 4E PRELIMINARY FINAL REPORT

(ASX Listing Rule 4.2A)

1. Company Details

Name of Entity:	BKM Management Limited
ABN:	61 009 146 543
Reporting Period:	Year ended 30 June 2014
Previous Corresponding Period	Year ended June 2013

2. Results for announcement to the market

				\$'000
Revenues	up	0.70%	to	1,367
Loss after tax attributable to members	down	15.91%	to	(419)
Net loss for the period attributable to members	down	15.91%	to	(419)

Comments

The 2014 financial year continued to show challenging conditions for the business as well as the corporate environment.

The Scene business managed to improve marginally from last year with turnover increasing from \$1.35m to \$1.36m. During the year, Perth continued to operate profitably but the issues from the previous years with Melbourne branch continued to put significant operational pressures to the group, with lower turnover and high costs impacting profits, increasing loss for the business to \$61k for the year. However, changes made earlier in the year are showing improvement in Melbourne which should impact positively and we anticipate the group operating profitably again for the coming months and the board believes this will have an impact on the business. We look forward to better conditions for Scene in the coming year.

IGC Asia Pte Ltd (IGC) operations for the year continue to be cash flow positive despite a reduced turnover following the recent restructuring. The management has indicated that plans for increasing turnover are in place following the restructuring. Furthermore, IGC is reviewing several opportunities to expand its interest in the energy sector. The Board anticipates working closely with IGC on these to enable the company to benefit from this.

The Board is continuing to seek viable projects to improve current operations or embark on new activities.

3. Net Tangible Assets per Security

Net Tangible Assets per Security (cents per security)

As at 30 June 2014	0.017
As at 30 June 2013	(0.017)

4. Details of entities over which control has been gained or lost during the period

Name of entities (or group of entities)	Not applicable
Date control gained	Not applicable
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	\$-
Profit/(loss) from ordinary activities after tax of the controlled entity (or group entities) for the whole of the previous corresponding period (where material)	\$-

5. Loss of control over entities

Name of entities (or group of entities)	Not applicable
Date control lost	Not applicable
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	\$-
Profit/(loss) from ordinary activities after tax of the controlled entity (or group entities) for the whole of the previous corresponding period (where material)	\$-

6. Details of individual and total dividends

Current period

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

Previous corresponding period

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

7. Details of dividend reinvestment plans in operation

There are no dividend reinvestment plans in operation.

8. Details of Associates and Joint Ventures

Not Applicable

9. Foreign Entities

Details of origin of accounting standards used in compiling the report:

No applicable.

10. Audit qualification or review

Details of audit dispute or qualification (if any):

The accounts are currently in the process of being audited.

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

11. Attachments

Details of attachments (if any):

The Unaudited Preliminary Financial Report of BKM Management Limited for the year ended 30 June 2014 is attached.

**BKM MANAGEMENT LIMITED
AND CONTROLLED ENTITIES**

Appendix 4E
Preliminary Final Report

For the Year Ended 30 June 2014

(Previous corresponding period: Year ended 30 June 2013)

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	30-June-2014 \$	30-June-2013 \$
Revenue from Ordinary Activities	2	1,366,642	1,357,098
Model and Talent Costs		(943,037)	(1,018,164)
Corporate Administration Expenses	3	(244,669)	(241,592)
Due Diligence Transaction Costs		(60,523)	(80,335)
Employment and Consulting Fees	3	(452,071)	(428,358)
Finance Costs		(7,081)	(12,623)
Occupancy Costs		(78,582)	(74,700)
Loss Before Income Tax		(419,321)	(498,674)
Income Tax Expense		-	-
Loss After Income Tax for the Period		(419,321)	(498,674)
Other Comprehensive income for the Period, Net of Tax		-	-
Total Comprehensive Income for the Period		(419,321)	(498,674)
Loss for the Period is Attributable to:			
Owners of the BKM Management Limited		(405,878)	(472,715)
Non-Controlling Interests		(13,443)	(25,959)
		(419,321)	(498,674)
Total Comprehensive Income Attributable to:			
Owners of the BKM Management Limited		(405,878)	(472,715)
Non-Controlling Interests		(13,443)	(25,959)
		(419,321)	(498,674)
		Cents	Cents
Loss per share for loss from attributable to the ordinary equity holders of the company:			
Basic earnings per share	8	(0.036)	(0.053)
Diluted earnings per share	8	(0.036)	(0.053)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	30-June-2014 \$	30-June-2013 \$
Assets			
Current Assets			
Cash and Cash Equivalents	4	516,286	268,279
Trade and Other Receivables		91,906	106,355
Other		1,815	2,655
Total Current Assets		610,007	377,289
Non-Current Assets			
Other Financial Assets		417,756	417,756
Plant and Equipment		5,459	11,159
Intangibles		49,878	49,878
Total Non-Current Assets		473,093	478,793
TOTAL ASSETS		1,083,100	856,082
Liabilities			
Current Liabilities			
Trade and Other Payables		656,985	785,471
Borrowings		95,039	123,970
Employee Benefits		22,476	25,972
Total Current Liabilities		774,500	935,413
Non-Current Liabilities			
Employee Benefits		41,325	37,937
Total Non-Current Liabilities		41,325	37,937
TOTAL LIABILITIES		815,825	973,350
NET ASSETS/(LIABILITIES)		267,275	(117,268)
Equity			
Issued Capital	5	27,471,612	26,667,748
Retained Profits		(27,159,941)	(26,754,063)
Parent Entity Interest		311,671	(86,315)
Non-Controlling Interest		(44,396)	(30,953)
TOTAL EQUITY		267,275	(117,268)

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

Economic Entity	Share capital \$	Retained Earnings \$	Non-controlling interests \$	Total \$
Balance as 30 June 2012	26,145,332	(26,281,348)	(4,994)	(141,009)
Profit/(Loss) for the period		(472,715)	(25,959)	(498,674)
Total comprehensive income for the period	-	(472,715)	(25,959)	(498,674)
<i>Transactions with owners in their capacity as owners:</i>				
Shares Issued Net of Costs	522,415	-	-	522,415
Balance at 30 June 2013	26,667,747	(26,754,063)	(30,953)	(117,268)
Profit/(Loss) for the period		(405,878)	(13,443)	(419,321)
Total comprehensive expense for the period	-	(405,878)	(13,443)	(419,321)
<i>Transactions with owners in their capacity as owners:</i>				
Shares Issued Net of Costs	803,865	-	-	803,864
Balance at 30 June 2014	27,471,612	(27,159,941)	(44,396)	267,275

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	30-June-2014 \$	30-June-2013 \$
Cash Flows Related To Operating Activities			
Receipts from Customers		1,370,671	1,465,272
Payments to Suppliers and Employees		(1,903,640)	(1,668,964)
Interest Received		6,042	2,631
NET OPERATING CASH OUTFLOWS	7	(526,927)	(201,061)
Cash Flows Related to Investing Activities			
Payment for purchases of plant and equipment		-	(9,197)
NET INVESTING CASH OUTFLOWS		-	(9,197)
Cash Flows Related to Financing Activities			
Proceeds from issues of securities		810,000	208,500
Capital raising costs		(6,135)	(6,281)
Proceeds from borrowings		-	-
Repayment of borrowings		(28,931)	(30,000)
NET FINANCING CASH INFLOWS		774,934	172,219
Net Increase/(Decrease) in Cash and Cash Equivalents		248,007	(38,040)
Cash and Cash Equivalents at the Beginning of the Period		268,279	306,319
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	516,286	268,279

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Preparation

(a) Basis of Preparation

This general purpose financial report for the year ended 30 June 2014 has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The Company's preliminary financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Australian equivalents to International Financial Reporting Standards ("A-IFRS").

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

(b) Accounting Policies

The following are the new accounting standards that have come into effect in the current year that are considered relevant to the consolidated entity

Ref	Title	Summary
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities - Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

AASB 12	Disclosure of Interests in Other Entities	AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.
AASB 119	Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)	The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: <ul style="list-style-type: none"> ▶ Repeat application of AASB 1 is permitted (AASB 1) ▶ Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039	AASB 2012-9 amends AASB 1048 Interpretation of Standards to evidence the withdrawal of Australian Interpretation 1039 Substantive Enactment of Major Tax Bills in Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
AASB 2012-10	Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments	AASB 2012-10 amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

All other accounting policies adopted are consistent with the most recent Annual Financial Report for the year ended 30 June 2014.

(c) Going Concern

As at 30 June 2014, the consolidated entity incurred an operating loss of \$419,321 (2013:\$498,674) and net assets were \$267,275 (2013: net liabilities \$117,268). The consolidated entity's cash position has increased to \$516,286 from \$268,279 at June 2014.

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

- The balance of unsecured convertible notes of \$90,000 is classified under current borrowings. It is expected that the balance of convertible notes expiring during the next twelve months may be redeemed and converted into equity in accordance with the note agreement;
- The trade and other payables balance as at 30 June 2014 contains accrued directors fees of \$69,560 (June 2013:\$123,060) and related party payables for director controlled entities of \$99,000 (June 2013: \$283,935). These amounts are subject to an undertaking which has been provided to the consolidated entity by the directors that repayments of these amounts, and future director fees, will only be demanded in the event that the consolidated entity has sufficient cash flows available;
- The Directors have the capacity to issue additional securities without shareholder approval through private placement,
- The consolidated entity has the ability to scale down its operations sufficiently should the above not occur.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Note 2: Revenue

	30-June-2014	30-June-2013
	\$	\$
Operating activities		
Agency Fee	1,355,757	1,354,468
Total operating revenue	1,355,757	1,354,468
Non-operating activities		
Interest Received	6,042	2,630
Other Revenue	4,843	-
Other non-operating activities	10,885	2,630
Revenue from Ordinary Activities	1,366,642	1,357,098

Note 3: Expenses

	30-June-2014	30-June-2013
	\$	\$
<i>Corporate Administration Expenses</i>		
Audit and Review Fees	36,550	30,900
Administration and Corporate	199,618	194,084
Other Corporate Administration Expenses	8,501	16,608
	244,669	241,592
<i>Employment and Consulting Fees</i>		
Wages & Salaries	342,973	306,082
Directors Fees	72,500	83,545
Superannuation	28,369	27,358
Other Employment and Consulting Fees	8,229	11,373
	452,071	428,358

Note 4: Cash and Cash Equivalents

	30-June-2014	30-June-2013
	\$	\$
Cash on Hand	425	-
Cash at bank	515,861	268,279
	516,286	268,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Note 5: Equity – Contributed

	30-June-2014		30-June-2013	
	No.	\$	No.	\$
Ordinary Shares	1,259,619,878	27,470,848	989,619,878	26,666,984
Options over Fully Paid Shares	-	764	-	764
Total Issued Capital		27,471,612		26,667,748

During the year ended 30 June 2014, the following movements in equity occurred:
Shares

24 Sept 2013	Issue of 50,000,000 shares at \$0.003 through private placement to provide funds for working capital
21 Jan 2014	On 12 November 2013 the Company received \$60,000 for the subscription of 20,000,000 shares at \$0.003 which were issued on 21 January 2014.

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.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for each stakeholder and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

By regularly reviewing undiscounted cash flows forecasts and actual cash flows provided to the Board of directors by management, the Board is able to monitor the consolidated entity's capital needs.

The capital risk management policy remains unchanged from 30 June 2013 Annual Report.

Note 6. Events Subsequent to the end of the Reporting Period

There have not been any matters or circumstances in the financial statements or notes thereto, that have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of BKM Management Limited, the results of those operations or the state of affairs of BKM Management Limited in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Note 7. Reconciliation of loss after income tax to net cash used in operating activities

	30-June-2014	30-June-2013
	\$	\$
Reconciliation of cash flow from operations with loss after income tax		
Loss for the period	(386,916)	(498,674)
Add back depreciation expense	5,700	2,704
Add back interest on borrowings	7,080	12,623
(Increases)/Decreases in Accounts Receivable	(928)	115,025
(Increases)/Decreases in Other Current Assets	840	(419)
Increases/(Decreases) in Accounts Payable	(152,595)	159,165
Increases/(Decreases) in Other Current Liabilities	(108)	8,515
Cash flow from operations	(526,927)	(201,061)

Note 8. Earnings per share

	30-June-2014	30-June-2013
	Cents	Cents
Basic loss per share	(0.036)	(0.053)
Diluted loss per share	(0.036)	(0.053)
	\$	\$
a) Loss used to calculate basic EPS	(405,878)	(472,715)
	No.	No.
b) Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	1,121,566,125	891,235,543

Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. Where dilutive, potential ordinary shares are included in the calculation of diluted loss per share. As the options on issue do not have the effect to dilute the loss per share, therefore have been excluded from the calculation of diluted loss per share.

Note 9. Segment Information

(a) Identification of Reportable Operating Segments

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

The CODM reviews both Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (Adjusted EBITDA) and profit before income tax. This information reported to the CODM is on an at least a monthly basis.

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

Modelling - Provision of management services to the modelling industry.
Investment - Investment in businesses in the oil industry in Singapore.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(b) Operating Segment Information

	Modelling	Investment	Intersegment eliminations/ unallocated	Consolidated
	\$	\$	\$	\$
30-June-2014				
Revenue				
Sales to External Customers	1,355,757	-	-	1,355,757
Other Income	4,843	6,042	-	10,885
Total Revenue	1,360,600	6,042	-	1,366,642
EBITDA	(83,923)	(322,617)	-	(406,540)
Depreciation and Amortisation	(5,700)	-	-	(5,700)
Finance Costs	-	(7,081)	-	(7,081)
Loss Before Income Tax	(89,623)	(329,698)	-	(419,321)
Income Tax Expense	-	-	-	-
Loss after income tax expense	(89,623)	(329,698)	-	(419,321)
Assets				
Segment Assets	223,777	1,213,270	(129,947)	1,307,100
Intersegment Eliminations			(224,000)	(224,000)
Total Assets	223,777	1,213,270	(353,947)	1,083,100
<i>Total assets includes:</i>				
Acquisition of non-current assets	-	-		
Liabilities				
Segment Liabilities	519,763	529,887	(9,825)	1,039,825
Intersegment Eliminations			(224,000)	(224,000)
Total Liabilities	519,763	529,887	(233,825)	815,825
30-June-2013				
Revenue				
Sales to External Customers	1,354,468	-	-	1,354,468
Other Income	-	2,630	-	2,630
Total Revenue	1,354,468	2,630	-	1,357,098
EBITDA	(170,359)	(312,988)	-	(483,347)
Depreciation and Amortisation	(2,704)	-	-	(2,704)
Finance Costs	-	(12,623)	-	(12,623)
Loss Before Income Tax	(173,063)	(325,611)	-	(498,674)
Income Tax Expense	-	-	-	-
Loss After Income Tax	(173,063)	(325,611)	-	(498,674)
Assets				
Segment Assets	288,508	923,627	(132,053)	1,080,082
Intersegment Eliminations			(224,000)	(224,000)
Total Assets	288,508	923,627	(356,053)	856,082
<i>Total assets includes:</i>				
Acquisition of non-current assets	9,197	-		
Liabilities				
Segment Liabilities	494,871	714,410	(11,931)	1,197,350
Intersegment Eliminations			(224,000)	(224,000)
Total Liabilities	494,871	714,410	(235,931)	973,350

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