

BKM MANAGEMENT LIMITED AND CONTROLLED ENTITIES

APPENDIX 4D FOR THE HALF YEAR ENDED 31 DECEMBER 2013

1. Results for announcement to the market

Current Reporting Period - Half year Ended 31 December 2013

Previous Reporting Period - Half year Ended 31 December 2012

This report is to be read in conjunction with the 30 June 2013 Annual Report and is given in compliance with Listing Rule 4.2A.

Revenues	up	11.44%	to	\$'000 792
Loss after tax attributable to members	down	8.89%	to	(171)
Net loss for the period attributable to members	down	8.89%	to	(171)

2. Net Tangible Assets per Security

Net Tangible Assets per Security (cents per security)

As at 31 December 2013 (0.013)

As at 30 June 2013 (0.017)

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

None.

4. Details of individual and total dividends

None

5. Details of dividend reinvestment plans in operation

None

6. Details of Associates and Joint Ventures

None

7. These accounts have been subject to Review and a Qualified Opinion, including an Emphasis of Matter. Refer to the Auditor's Review Report on page 17

Approved Date: Friday, 28th February 2014

**BKM MANAGEMENT LIMITED
AND CONTROLLED ENTITIES**

Appendix 4D
Interim Financial Report

For the Half Year Ended 31 December 2013

(previous corresponding period: Half Year Ended 31 December 2012)

To be read in conjunction with the 30 June 2013 Annual Report.
In compliance with Listing Rule 4.2A

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This Half Year Financial Report does not include all notes of the type normal included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2013 and any public announcements made by BKM Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

DIRECTORS' REPORT

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 half year ended 31 December 2013.

Directors

The following persons were directors of BKM Management Limited during the whole of the half-year and up to the date of this report, unless otherwise stated:

Mr. Alvin Tan	Non-Executive Chairman
Mr. Evan McGregor	Non-Executive Director
Mr. Phillip Hains	Non-Executive Director

Review of Operations

During the period under review, the Company continued to manage its balance sheet and increased its working capital with a raising of \$210,000. The Company continues to be in a good position as it considers various opportunities for growth.

The Board will review these opportunities and update the market should any of these develop.

BKM continued to maintain its interest in Scene Model Management Pty Ltd (Scene) and IGC Asia Pte Ltd (IGC) during the period. IGC's operations continue to be cashflow positive. Despite delays in its growth plans, management anticipates that the profit turnaround will accelerate through the year.

Scene's operations continued to be profitable despite a challenging operating environment, posting a modest net profit of \$46,522.

Events Subsequent to the end of the Reporting Period

- 21 Jan 2014 – BKM Management Limited released an Appendix 3B to announce the issue 220,000,000 shares at a price of \$0.003 through a private placement that raised \$660,000 to provide working capital to the Company.
- 24 Jan 2014 – BKM Management Limited repaid \$90,648 worth of Convertible Notes that were classified as Current Liabilities on the Balance Sheet as at 31 December 2013.

From the total amount owing of \$357,068 as discussed in Note 1 (c) relating to related party payables for director controlled entities, \$92,818 subsequent to 31 December 2013 has been paid.

Auditors Independence Declaration

A copy of the Auditors Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.



Mr. Alvin Tan
Non-Executive Chairman
BKM Management Limited

Dated: Friday, 28th February 2014

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

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2013 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

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

A blue ink signature of Jeffrey C. Luckins, consisting of stylized initials 'JL' followed by a horizontal line.

Jeffrey C. Luckins
Director

Dated this 28th day of February, 2013

**Sydney
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Revenue from Ordinary Activities		791,802	710,513
Corporate Administration Expenses		(144,782)	(102,791)
Due Diligence Transaction Costs		(60,523)	-
Employment and Consulting Fees		(211,310)	(218,751)
Finance Costs		(2,489)	(7,788)
Model and Talent Costs		(505,204)	(532,593)
Occupancy Costs		(38,478)	(36,257)
Loss Before Income Tax		(170,984)	(187,667)
Income Tax Expense		-	-
Loss After Income Tax for the Period		(170,984)	(187,667)
Other Comprehensive Income for the Period, Net of Tax		-	-
Total Comprehensive Loss for the Period		(170,984)	(187,667)
Loss for the Period is Attributable to:			
Owners of BKM Management Limited		(177,962)	(179,252)
Non-Controlling Interests		6,978	(8,415)
		(170,984)	(187,667)
Total Comprehensive Loss Attributable to:			
Owners of BKM Management Limited		(177,962)	(179,252)
Non-Controlling Interests		6,978	(8,415)
		(170,984)	(187,667)
		Cents	Cents
Loss per share attributable to owners of the company:			
Basic loss per share	7	(0.018)	(0.022)
Diluted loss per share	7	(0.018)	(0.022)

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 HALF YEAR ENDED 31 DECEMBER 2013**

	Note	31 Dec 2013 \$	30 June 2013 \$
Current Assets			
Cash and Cash Equivalents		376,897	268,279
Trade and Other Receivables		118,702	106,355
Other		6,753	2,655
Total Current Assets		502,352	377,289
Non-Current Assets			
Other Financial Assets	3	417,756	417,756
Plant and Equipment		9,010	11,159
Intangibles		49,878	49,878
Total Non-Current Assets		476,644	478,793
TOTAL ASSETS		978,996	856,082
Current Liabilities			
Trade and Other Payables		778,663	785,471
Borrowings		123,970	123,970
Employee Benefits		26,926	25,972
Total Current Liabilities		929,559	935,413
Non-Current Liabilities			
Borrowings		90,000	-
Employee Benefits		39,666	37,937
Total Non-Current Liabilities		129,666	37,937
TOTAL LIABILITIES		1,059,225	973,350
NET ASSETS/(LIABILITIES)		(80,229)	(117,268)
Equity			
Issued Capital	6	26,875,770	26,667,747
Accumulated Losses		(26,932,024)	(26,754,062)
Parent Entity Interest		(56,254)	(86,315)
Non-Controlling Interest		(23,975)	(30,953)
TOTAL EQUITY		(80,229)	(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 HALF YEAR ENDED 31 DECEMBER 2013

	Share Capital	Retained Earnings	Non-Controlling Interests	Total
	\$	\$	\$	\$
Balance as at 30 June 2012	26,145,332	(26,281,347)	(4,994)	(141,009)
Profit/(Loss) for the period		(179,252)	(8,415)	(187,667)
Total comprehensive loss for the period	-	(179,252)	(8,415)	(187,667)
<i>Transactions with owners in their capacity as owners:</i>				
Shares Issued Net of Costs	316,073	-	-	316,073
Balance at 31 December 2012	26,461,405	(26,460,599)	(13,409)	(12,603)
Profit/(Loss) for the period		(293,463)	(17,544)	(311,007)
Total comprehensive income for the period	-	(293,463)	(17,544)	(311,007)
<i>Transactions with owners in their capacity as owners:</i>				
Shares Issued Net of Costs	206,343	-	-	206,343
Balance at 30 June 2013	26,667,748	(26,754,062)	(30,953)	(117,267)
Profit/(Loss) for the period		(177,962)	6,978	(170,984)
Total comprehensive loss for the period	-	(177,962)	6,978	(170,984)
<i>Transactions with owners in their capacity as owners:</i>				
Shares Issued Net of Costs	148,022	-	-	148,022
Shares to be Issued	60,000 ¹	-	-	60,000
Balance at 31 December 2013	26,875,770	(26,932,024)	(23,975)	(80,229)

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

¹ Issue of 20,000,000 shares at \$0.003 on 21 January 2014

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	31 Dec 2013 \$	31 Dec 2012 \$
Cash Flows Related To Operating Activities		
Receipts from Customers	774,818	818,229
Payments to Suppliers and Employees	(965,388)	(804,537)
Interest Received	1,165	1,303
NET OPERATING CASH INFLOWS/(OUTFLOWS)	(189,405)	14,995
Cash Flows Related to Financing Activities		
Proceeds from Issue of Shares	210,000	-
Capital Raising Costs	(1,977)	(4,123)
Proceeds from Borrowings	90,000	-
NET FINANCING CASH INFLOWS/(OUTFLOWS)	298,023	(4,123)
Net Increase in Cash and Cash Equivalents	108,618	10,872
Cash and Cash Equivalents at the Beginning of the Period	268,279	306,319
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	376,897	317,191

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

The general purpose financial report for the interim half year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This half year financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2013 and any public announcements made by BKM Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Compliance with AASB 134 "Interim Financial Report" ensures that the financial statements and notes of the entity comply with International Financial Reporting Standards equivalent IAS 34 "Interim Financial Reporting".

(b) Accounting Policies

The Group was required to change some of its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013.

The affected policies and standards are:

- AASB 10 Consolidated Financial Statements
- AASB 13 Fair Value Measurement
- AASB 119 Accounting for Employee Benefits – revised AASB 119 Employee Benefits

Reference	Title	Summary	Application date of standard	Impact on financial report
AASB 10	<i>Consolidated Financial Statements</i>	AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements and in Interpretation 112 Consolidation – Special Purpose Entities. Under the new principles, 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 over the entity.	1 January 2013	No Impact
AASB 13	<i>Fair Value Measurement</i>	<p>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.</p> <p>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.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>	1 January 2013	This standard has introduced new disclosure requirement to the Half Year Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued...)*

Reference	Title	Summary	Application date of standard	Impact on financial report
AASB 119	<i>Employee Benefits</i>	<p>The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets.</p> <p>The revised standard has changed the accounting for the group's annual leave obligations. As the group does not expect all annual leave to be taken within 12 months of the respective service being provided the balance is considered another long term employee benefit for measurement purposes. This did change the measurement of these obligations, as the obligations are now measured on a discounted basis.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>	1 January 2013	Impact of change was immaterial

All other accounting policies adopted are consistent with the most recent Annual Financial Report for the year ended 30 June 2013.

(c) Going Concern

As at 31 December 2013, the consolidated entity incurred an operating loss for the six month period of \$170,984 (2012 loss: \$187,667) and net liabilities stood at \$80,229 (June 2013: Net Liability \$117,268). The consolidated entity's cash position has increased to \$376,897 from \$268,279 at 30 June 2013.

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

- On 24th January 2014 BKM Management Limited repaid \$90,648 worth of Convertible Notes that were classified as Current Liabilities on the Balance Sheet as at 31 December 2013.
- The trade and other payables balance as at 31 December 2013 contains accrued directors fees of \$69,060 (June 2013: \$123,060) and related party payables for director controlled entities of \$357,068 (June 2013: \$283,935). Of these amounts, \$173,542 (June 2013: \$107,970) is subject to an undertaking which has been provided to the consolidated entity by the directors that repayments of these amounts will only be demanded in the event that the consolidated entity has sufficient cashflows available. As discussed in Note 9, a number of payments have been made subsequent to year end relating to 31 December 2013 balances.
- The Directors have the capacity to issue additional securities without shareholder approval through private placement,
- BKM Management Limited released an Appendix 3B to announce the issue of 220,000,000 shares at a price of \$0.003 through a private placement that raised \$660,000 to provide working capital to the Company on 21st January 2014.
- 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.

Note 2. Dividends

The company has not declared any dividends in the period ended 31 December 2013 (2012: \$Nil)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Other Financial Assets

	31 Dec 2013 \$	30 June 2013 \$
Shares in IGC Asia Pte Ltd (Unlisted) at Fair Value	417,756	417,756
Total Other Financial Assets	417,756	417,756

Fair Value of IGC Asia Pte Ltd

The fair value of the investment in IGC Asia Pte Ltd has been determined by a value-in-use calculation using a discounted cash flow model for a period of 5 years, as recorded in the 30 June 2013 financial statements using the following key assumptions:

- Discount Rate - 20.50%
- Revenue Growth Rate – 5.00% pa

This is further supported by the IGC Asia Pte Ltd revised operating model, and improved profitability as shown in recent unaudited management accounts of the company. Annual audited financial statements for the year ended 31 December 2013 were not available at the date of signing this half-year report.

Note 4. 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

(b) Operating Segment Information

	Modelling	Investment	Intersegment eliminations/ unallocated	Consolidated
	\$	\$	\$	\$
31 December 2013				
Revenue				
Sales to External Customers	787,291	-	-	787,291
Other Income	3,346	1,165	-	4,511
Total Revenue	790,637	1,165	-	791,802
EBITDA	48,671	(215,017)	-	(166,346)
Depreciation and Amortisation	(2,149)	-	-	(2,149)
Finance Costs	-	(2,489)	-	(2,489)
Loss Before Income Tax	46,522	(217,506)	-	(170,984)
Income Tax Expense	-	-	-	-
Loss after income tax expense	46,522	(217,506)	-	(170,984)
Assets				
Segment Assets	346,253	990,002	(133,259)	1,202,996
Intersegment Eliminations			(224,000)	(224,000)
Total Assets	346,253	990,002	(357,259)	978,996
<i>Total assets includes:</i>				
Acquisition of non-current assets	-	-		
Liabilities				
Segment Liabilities	506,094	790,268	(13,137)	1,283,225
Intersegment Eliminations			(224,000)	(224,000)
Total Liabilities	506,094	790,268	(237,137)	1,059,225
31 December 2012				
Revenue				
Sales to External Customers	718,611	-	-	718,611
Other Income	(9,401)	1,303	-	(8,098)
Total Revenue	709,210	1,303	-	710,513
Adjusted EBITDA	(55,164)	(123,782)	-	(178,946)
Depreciation and Amortisation	(933)	-	-	(933)
Finance Costs	-	(7,788)	-	(7,788)
Profit/(Loss) Before Income Tax	(56,097)	(131,570)	-	(187,667)
30 June 2013				
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
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Contingent Liabilities and Assets

There has been no change in contingent liabilities and assets since the last annual reporting date.

Note 6. Issued Capital

	31 December 2013		30 June 2013	
	No.	\$	No.	\$
Ordinary Shares	1,039,619,878	26,815,006	989,619,878	26,666,984
Shares to be Issued	-	60,000 ¹	-	-
Options over Fully Paid Shares	-	764	-	764
Total Issued Capital		26,875,770		26,667,748

During the half year ended 31 December 2013, 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

The following movements in equity occurred subsequent to the end of the reporting period

Shares

¹ 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.

Note 7. Loss per Share from Overall Operations

	31 December 2013	31 December 2012
	Cents	Cents
Basic loss per share	(0.018)	(0.021)
Diluted loss per share	(0.018)	(0.021)
	\$	\$
a) Loss used to calculate basic EPS	(170,984)	(187,667)
	No.	No.
b) Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	1,010,871,944	826,900,410

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 8. Net Tangible Assets

	31 December 2013	30 June 2013
	\$	\$
Net Tangible Assets	(130,107)	(167,146)
	No.	No.
Shares	1,039,619,878	989,619,878
	\$	\$
Net Tangible Assets (cents)	(0.013)	(0.013)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Events Subsequent to the end of the Reporting Period

21 Jan 2014 – BKM Management Limited released an Appendix 3B to announce the issue 220,000,000 shares at a price of \$0.003 through a private placement that raised \$660,000 to provide working capital to the Company.

24 Jan 2014 – BKM Management Limited repaid \$90,648 worth of Convertible Notes that were classified as Current Liabilities on the Balance Sheet as at 31 December 2013.

From the total amount owing of \$357,068 as discussed in Note 1 (c) relating to related party payables for director controlled entities, \$92,818 subsequent to 31 December 2013 has been paid.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 15, are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements including:

- (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
- (b) giving a true and fair view of the economic entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr. Alvin Tan
Non-Executive Chairman
BKM Management Limited

Dated: Friday, 28th February 2014

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BKM MANAGEMENT LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BKM Management Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of BKM Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BKM MANAGEMENT LIMITED AND CONTROLLED ENTITIES (CONT)

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Conclusion

BKM Management Limited's investment in IGC Asia Pte Ltd, an oil trading business based in Singapore, is carried at \$417,756 on the statement of financial position as at 31 December 2013. The carrying amount of the investment was impaired in a prior reporting period. During the period ended 31 December 2013 no revenue was recognised from this investment and as at the date of this report we have been unable to obtain audited financial information of the investee company to support the carrying amount of the investment. Accordingly, and as in prior years, we remain unable to obtain sufficient appropriate audit evidence to satisfy ourselves in respect of the carrying amount of BKM Management Limited's investment in IGC Asia Pte Ltd.

Qualified Conclusion

Based on our review, which is not an audit, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of BKM Management Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Emphasis of Matter

Without further qualification to the conclusion expressed above, we draw attention to Note 1 to the half-year financial report, which indicates the consolidated entity incurred a net loss of \$170,984 (December 2012: \$187,667), current liabilities exceeded the current assets (working capital) by \$427,207 (June 2013: \$558,124) and consolidated entity's cash position has increased to \$376,897 from \$268,279 at 30 June 2013. These conditions, along with the other matters as set forth in Note 1, indicate the existence of an material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

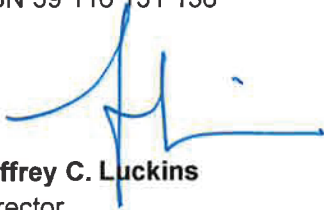
INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BKM MANAGEMENT LIMITED AND CONTROLLED ENTITIES (CONT)

Matters Relating to the Electronic Presentation of the Reviewed Half Year Financial Report

This auditor's review report relates to the half year financial report of BKM Management Limited for the half year ended 31 December 2013 included on BKM Management Limited's web site. The company's directors are responsible for the integrity of the BKM Management Limited's web site. We have not been engaged to report on the integrity of the BKM Management Limited's web site. The auditor's review report refers only to the half year financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half year financial report to confirm the information included in the reviewed financial report presented on this web site.



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



Jeffrey C. Luckins
Director

Dated this 28th day of February, 2014