

BKM MANAGEMENT LIMITED AND CONTROLLED ENTITIES

APPENDIX 4D FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Results for Announcement to the Market

Current Reporting Period - Half year Ended 31 December 2010

Previous Reporting Period - Half year Ended 31 December 2009

Revenue from ordinary activities	down	8.41%	to	\$838,150
Loss from ordinary activities after tax attributable to members	up	86.86%	to	(\$757,295)
Net loss for the period attributable to members	up	86.86%	to	(\$757,295)

Dividends (distribution)	Amount per Security	Franked Amount per Security
Final dividend	n/a	n/a
Previous corresponding period	n/a	n/a
<u>Net Tangible Asset per Security (cents per security)</u> As at 31 December 2010 (0.00) As at 30 June 2010 0.07 Record date for determining entitlements to the dividend (in the case of a trust, distribution) n/a		
<u>Explanation of the above information:</u> Refer to the Directors' Report - Review of Operations.		

BKM MANAGEMENT LIMITED AND CONTROLLED ENTITIES

Appendix 4D Interim Financial Report

For the Half Year Ended 31 December 2010

(previous corresponding period: Half Year Ended 31 December 2009)

To be read in conjunction with the 30 June 2010 Annual Report.
In compliance with Listing Rule 4.2A

CONTENTS

Directors' Report	3
Auditor's Independence Declaration	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Directors' Declaration	12
Independent Auditor's Review Report	13

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 report for the year ended 30 June 2010 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 2010.

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 (appointed Chairman on 1 October 2010)
Mr Jeff Kwan	Executive Chairman (resigned 1 October 2010)
Mr. Evan McGregor	Non-Executive Director
Mr. Michael Sim	Non-Executive Director (appointed 1 October 2010)

Review of Operations

The period under review saw continued challenging conditions in the various businesses which BKM Management Ltd (BKM) has interests in. Despite these challenges, your Board has made some key changes to the Board structure and made some difficult decisions over the last 6 months, to underpin moving BKM ahead in this financial year.

In line with our current major business, we continue to see great opportunities in the energy market and have focused our attention on developing business prospects in this area. Specifically, we have re-examined the Memorandum of Understanding with CBS Ventures, on the acquisition of the Mongolian oil exploration project. The continued energy demand requirements by Mongolia's neighbour, China, are well documented. Mongolia is also well blessed with rich mineral deposits. The Company has been examining various projects in this area and will inform the market as progress is made.

IGC faced challenging trading conditions in choppy markets and low liquidity. Despite improved economic recovery in the region, shipping rates remained weak. Higher refining runs worldwide, resulting in higher oil product inventories, and new entrants to the Singapore bunker market also contributed to lower margins. The volatility and character changes in the oil trading market further highlights the importance for the company to seek and develop upstream projects. A non-cash write down of \$435,334 has been provided against our investment in IGC.

BKM continues to hold its 100% investment in Scene Model Management (Scene) and 25% in Global Investments (Global) in Hong Kong. Scene has experienced very difficult trading conditions throughout the period but is expected to show improvements in the year ahead. Global has maintained its interest in the Gougzhou spa complex and are currently seeking opportunities to expand.

The Board is looking to rationalize its non-core investments to concentrate on its new investment opportunities and will update the market in due course.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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



Mr. Alvin Tan
Non Executive Chairman
BKM Management Limited

Dated: Friday 25 February 2011

AUDITORS' INDEPENDENCE DECLARATION



The Board of Directors
BKM Management Limited
Suite 1, 1233 High Street
ARMADALE VIC 3143

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 period ended 31 December 2010 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
Chartered Accountants

Jeffrey Luckins
Director
William Buck Audit (VIC) Pty Limited
ABN 59 116 151 136

Dated in Melbourne, Australia on this 25th day of February 2011

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Level 1, 465 Auburn Road, Hawthorn East VIC 3123
PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580
williambuck.com

William Buck is an association of independent firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide. Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Consolidated Entity			
	Notes	31 December 2010 \$	31 December 2009 \$
Revenue from Ordinary Activities		838,150	915,133
Administration and Corporate		(152,040)	(153,751)
Employment and Consulting		(254,366)	(282,634)
Finance Costs		(60,167)	(60,287)
Model and Talent Costs		(669,355)	(656,739)
Net Fair Value Loss on Financial Assets Through Profit or Loss		(435,334)	(145,972)
Occupancy		(38,810)	(32,703)
Loss Before Income Tax		(771,922)	(416,953)
Income Tax Expense		-	-
Loss After Income Tax for the Half Year		(771,922)	(416,953)
Other Comprehensive Income for the Period, Net of Tax		-	-
Total Comprehensive Income for the Half Year		-	-
Loss for the Half Year is Attributable to:			
Owners of BKM Management Limited		(771,922)	(416,953)
Non-Controlling Interests		14,627	11,684
		(757,295)	(405,269)
Total Comprehensive Income Attributable to:			
Owners of BKM Management Limited		(771,922)	(416,953)
Non-Controlling Interests		14,627	11,684
		(757,295)	(405,269)
		Cents	Cents
Loss per share for loss from attributable to the ordinary equity holders of the company:			
Basic loss per share	6	(0.13)	(0.07)
Diluted loss per share	6	(0.13)	(0.07)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

Consolidated Entity			
	Notes	31 December 2010 \$	30 June 2010 \$
Current Assets			
Cash and Cash Equivalents		472,213	146,276
Trade and Other Receivables		185,240	237,670
Other		12,994	4,502
Total Current Assets		670,447	388,448
Non Current Assets			
Other Financial Assets		1,402,037	1,877,838
Property, Plant and Equipment		1,006	1,268
Goodwill		49,878	49,878
Total Non Current Assets		1,452,921	1,928,984
TOTAL ASSETS		2,123,368	2,317,432
Current Liabilities			
Trade and Other Payables		707,225	650,407
Borrowings		1,060,970	1,191,000
Provisions		19,694	14,516
Total Current Liabilities		1,787,889	1,855,923
Non Current Liabilities			
Borrowings		273,000	-
Provisions		27,284	24,939
Total Non Current Liabilities		300,284	24,939
TOTAL LIABILITIES		2,088,173	1,880,862
NET ASSETS		35,195	436,570
Equity			
Issued Capital	5	25,113,947	24,743,400
Accumulated Losses		(25,062,827)	(24,305,532)
Total Parent Entity Interest in Equity		51,120	437,868
Non-Controlling Interests		(15,925)	(1,298)
TOTAL EQUITY		35,195	436,570

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Consolidated Entity				
	Issued Capital \$	Accumulated Losses \$	Non-Controlling Interests	Total \$
Balance at 30 June 2009	24,446,848	(23,750,244)	(11,662)	684,942
Loss for the period	-	(405,269)	-	(405,269)
Gain Attributable to Non-Controlling Interests	-	-	(11,684)	(11,684)
Total comprehensive income for the period	-	(405,269)	(11,684)	(416,953)
<i>Transactions with owners in their capacity as owners:</i>				
Shares Issued Net of Costs	300,220	-	-	300,220
Balance at 31 December 2009	24,747,068	(24,155,513)	(23,346)	568,209
Loss for the period	-	(147,167)	-	(147,167)
Loss Attributable to Non-Controlling Interests	-	-	19,196	19,196
Total comprehensive income for the period	-	(147,167)	19,196	(127,971)
<i>Transactions with owners in their capacity as owners:</i>				
Shares Issued Net of Costs	(3,668)	-	-	(3,668)
Transfers	-	(2,852)	2,852	-
Balance at 30 June 2010	24,743,400	(24,305,532)	(1,298)	436,570
Loss for the period	-	(757,295)	-	(757,295)
Loss Attributable to Non-Controlling Interests	-	-	(14,627)	(14,627)
Total comprehensive income for the period	-	(757,295)	(14,627)	(771,922)
<i>Transactions with owners in their capacity as owners:</i>				
Shares Issued Net of Costs	370,547	-	-	370,547
Balance at 31 December 2010	25,113,947	(25,062,827)	(15,925)	35,195

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Consolidated Entity		
	31 December 2010	31 December 2009
	\$	\$
Cash Flows Related To Operating Activities		
Receipts from Customers	877,125	911,639
Payments to Suppliers and Employees	(1,010,831)	(1,120,799)
Interest Received	573	5
NET OPERATING CASH OUTFLOWS	(133,133)	(209,155)
Cash Flows Related To Investing Activities		
Proceeds from sales of equity investments	35,154	-
NET INVESTING CASH INFLOWS	35,154	-
Cash Flows Related To Financing Activities		
Proceeds from issues of securities	400,000	-
Capital Raising Costs	(29,453)	(4,221)
Proceeds from Borrowings	63,368	140,000
Interest on Convertible Notes	(10,000)	-
NET FINANCING CASH INFLOWS	423,915	135,779
Net Increase/(Decrease) In Cash And Cash Equivalents	325,936	(73,376)
Cash and Cash Equivalents at the Beginning of the Half Year	146,277	220,648
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR	472,213	147,272

The accompanying notes form part of this financial report.

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 2010 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 report for the year ended 30 June 2010 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 134 "Interim Financial Reporting".

(b) Summary of the Significant Accounting Policies

The accounting policies adopted for the half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2010.

(c) Going Concern

As at 31 December 2010, the consolidated entity incurred an operating loss of \$771,922 (2009 loss: \$416,953) and net assets stood at \$35,195 (June 2010: Net Assets \$436,570). The consolidated entity's cash position has increased to \$472,213 from \$146,276 at 30 June 2010.

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

- The Directors expect to successfully issue shares and convertible securities.
- The majority of the current borrowings of \$1,060,970 and all the non-current borrowings of \$273,000 are unsecured convertible notes. The Directors have been successful in extending recent expiring convertible notes and are satisfied that the terms of the convertible notes expiring during the second half of the 2011 financial year can be extended for a period of 12 months. Therefore it is expected the convertible notes expiring during the next twelve months will be rolled into new convertible notes.
- The consolidated entity has the ability to scale down its operations sufficiently should the above not occur, and
- The Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the Statement of Financial Position at 31 December 2010.

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 2010 (2009: \$Nil).

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

Note 3. 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. All operations are in Australia.

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 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 health spa industry in China and the oil industry in Singapore.

(b) Operating Segment Information

	Modelling (\$)	Investment (\$)	Intersegment eliminations/ unallocated (\$)	Total (\$)
31 December 2010				
Revenue				
Sales to External Customers	826,318	-	-	826,318
Other Income	11,259	573	-	11,832
Total Revenue	837,577	573	-	838,150
Adjusted EBITDA	(97,252)	(614,241)	-	(711,493)
Depreciation and Amortisation	(262)	-	-	(262)
Finance Costs	-	(23,286)	(36,881)	(60,167)
Loss Before Income Tax	(97,514)	(637,527)	(36,881)	(771,922)
Assets				
Segment Assets	288,885	2,108,605	(274,122)	2,123,368
Total Assets	288,885	2,108,605	(274,122)	2,123,368
Liabilities				
Segment Liabilities	241,053	575,620	1,271,500	2,088,173
Total Liabilities	241,053	575,620	1,271,500	2,088,173
31 December 2009				
Revenue				
Sales to External Customers	900,033	-	-	900,033
Other Income	15,095	5	-	15,100
Total Revenue	915,128	5	-	915,133
Adjusted EBITDA	(77,459)	(278,772)	-	(356,231)
Depreciation and Amortisation	(437)	-	-	(437)
Finance Costs	-	(23,332)	(36,955)	(60,287)
Loss Before Income Tax	(77,896)	(302,104)	(36,955)	(416,955)
Assets				
Segment Assets	387,610	2,203,945	(274,123)	2,317,432
Total Assets	387,610	2,203,945	(274,123)	2,317,432
Liabilities				
Segment Liabilities	242,266	447,596	1,191,000	1,880,862
Total Liabilities	242,266	447,596	1,191,000	1,880,862

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

Note 4. Contingent Liabilities and Assets

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

Note 5. Issued Capital

	31 December 2010		30 June 2010	
	No.	\$	No.	\$
Issued and Paid Up Capital				
Fully Paid Ordinary Shares	640,657,733	25,113,183	583,514,875	24,742,636
Options over Fully Paid Ordinary Shares	-	764	20,000,000	764
Total Issued Capital		25,113,947		24,743,400

During the half year ended 31 December 2010, the following movements in equity occurred:

Shares

21 Dec 2010 Issue of 57,142,858 shares to professional and sophisticated investors at \$0.007 to raise \$400,000.

Options

1 Jul 2010 20,000,0000 unlisted lapsed options were removed from the register, unexercised.

During the full year ended 30 June 2010, the following movements in equity occurred:

Shares

5 Oct 2009 Issue of 74,243,333 shares in lieu of interest payable on convertible notes due on 30 September 2009.

27 Nov 2009 Issue of 1,866,902 shares in lieu of interest payable on convertible notes as per Resolution 3 of the 2009 AGM.

Note 6. Loss per Share from Overall Operations

	31 December 2010 cents	30 June 2010 cents
Basic Loss per Share	(0.13)	(0.10)
Diluted Loss per Share	(0.13)	(0.10)
	\$	\$
a) Net Loss used in the calculation of basic and diluted loss per share	(757,295)	(552,436)
	No.	No.
b) Weighted average number of ordinary shares outstanding during the year	586,637,436	563,225,756

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. All the options on issue do not have the effect to dilute the loss per share, therefore they have been excluded from the calculation of diluted loss per share.

Note 7. Net Tangible Assets

	31 December 2010 \$	30 June 2010 \$
Net Tangible Assets	(14,683)	386,692
	No.	No.
Shares	640,657,733	583,514,875
	\$	\$
Net Tangible Assets (cents)	(0.00)	0.07

Note 8. Events Subsequent to the end of the Reporting Period

No matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the economic entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.

DIRECTORS' DECLARATION

The directors' of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 11, are in accordance with the Corporations Act 2001, including:

(a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and

(b) give a true and fair view of the economic entity's financial position as at 31 December 2010 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 25 February 2011

AUDIT REPORT



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

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 periods end or from time to time during the period, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and condensed 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 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 company's financial position as at 31 December 2010 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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the consolidated entity, would be in the same terms if given to the directors as at the time of this auditor's report.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Level 1, 465 Auburn Road, Hawthorn East VIC 3123
PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580
williambuck.com

William Buck is an association of independent firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide. Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.



STRATEGIC THINKING | TAILORED ADVICE | INTEGRATED SOLUTIONS

CHARTERED ACCOUNTANTS & ADVISORS

AUDIT REPORT (Continued....)



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity 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 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASE 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to Note 1 in the half-year financial report which indicates the consolidated entity incurred a net loss of \$771,922 during the interim period ended 31 December 2010 (31 December 2009: \$4,6953) and reported a cash balance of \$472,213 (30 June 2010: \$146,276) and net operating cash outflows of \$162,568 (31 December 2009: \$209,155). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of the consolidated entity for the interim period ended 31 December 2010 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The auditor's report refers only to the condensed 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 audited half-year financial report to confirm the information included in the audited half-year financial report presented on this web site.

A handwritten signature in blue ink, appearing to read "Jeffrey Luckins", written over a horizontal line.

Jeffrey Luckins
Director
William Buck Audit (VIC) Pty Limited
ABN 59 116 151 136

Dated in Melbourne, Australia on this 25th day of February 2011