

APPENDIX 4E

PRELIMINARY FINAL REPORT

1. Company details

Name of entity:	BKM Management Limited
ABN:	61 009 146 543
Reporting period:	Year ended 30 June 2011
Previous corresponding period:	Year ended 30 June 2010

2. Results for announcement to the market

Revenues from ordinary activities	down 2.7%	to	\$ 1,660,085
Loss from ordinary activities after tax attributable to the owners of BKM Management Limited	up 131.7%	to	\$(1,279,766)
Loss for the period attributable to the owners of BKM Management Limited	up 131.7%	to	\$(1,279,766)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$1,279,766 (30 June 2010: \$552,436).

The loss includes a \$788,904 (2009:\$174,156) net impairment of investments. This loss reflects provisions based on lowered forecast in the IGC operations as well as financing costs.

Revenue was marginally lower from \$1,705,851 in the prior year to \$1,660,085.

BKM Management Ltd ('BKM') has maintained its interest in Scene Model Management Pty Ltd ('Scene'), Global Capital Limited ('Global Capital') and IGC Asia Pte Ltd ('GC Asia') during the year, each company is discussed below.

Scene Model Management Pty Ltd

The majority of the consolidated entity's revenue was derived from Scene's operations. Revenue for the period declined marginally to \$1,637,864 compared with \$1,692,136 in the face of a difficult trading environment. However, increasing costs pressure resulted in a loss of \$53,941, compared to the profit of \$38,174 posted for the year ended 30 June 2010.

This investment has not been impaired in the current or prior financial year.

IGC Asia Pte Ltd

IGC Asia reported improving results; however, it was still an operating loss of US\$560,737 before tax, for the calendar year ending 31 December 2010. IGC Asia continues to face challenging trading conditions.

Due to the prolonged recovery of the trading conditions in the oil markets, the investment in IGC Asia has been impaired by \$788,904 to \$1,048,467 for the year ended 30 June 2011.

Outlook

BKM continue to evolve its interests in the emerging energy business in Asia, partly through its investments in IGC Asia, and through that association into oil and gas interests in Mongolia. We continue to seek involvement in suitable projects in Mongolia but recognise that it is a difficult and challenging environment for a small company with limited funding capabilities.

During the year, the company concluded an acquisition agreement with OneMet Minerals Pty Ltd (previously known as Ord River Diamonds Pty Ltd) with its exciting Potash & Rare Earth projects. Shareholders will be given a priority allocation to apply for shares in the proposed listing of OneMet. The successful listing of OneMet will add significantly to the consolidated entity's asset base

Forward-looking statements

This report may contain forward-looking statements regarding the potential of the consolidated entity's projects and interests. Any statement describing a goal, expectation, intention or belief of the company is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties.

3. NTA backing

	Reporting period	Previous corresponding period
Net tangible asset backing per ordinary security	(0.08) cents	0.07 cents

4. Control gained over entities

Name of entities (or group of entities) Not applicable.

Date control gained

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 of 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

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 of entities) whilst controlled during the whole of the previous corresponding period (where material)

\$ -

6. 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. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

Not applicable.

The last date(s) for receipt of election notices for the dividend or distribution plans: Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
Not applicable.				
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit(loss) from ordinary activities before income tax			\$ -	\$ -
Income tax on operating activities			\$ -	\$ -

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts are currently in the process of being audited.

11. Attachments

Details of attachments (if any):

The Unaudited Financial Report of BKM Management Limited for the year ended 30 June 2011 is attached.

12. Signed

Signed: _____

Date: 31 August 2011

Alvin Tan
Director
Melbourne

BKM Management Limited

ABN 61 009 146 543

Unaudited Financial Report - 30 June 2011

BKM Management Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Note	Consolidated 2011 \$	2010 \$
Revenue	1	1,660,085	1,705,851
Expenses			
Model talent cost		(1,192,380)	(1,054,486)
Employee benefits expense		(464,761)	(530,944)
Administration and corporate expense		(285,802)	(294,157)
Net fair value loss on financial assets through profit or loss		(788,904)	(174,156)
Loss on sale of assets		(5,313)	-
Finance costs	2	(128,218)	(113,364)
Occupancy		<u>(82,564)</u>	<u>(83,668)</u>
Loss before income tax expense		(1,287,857)	(544,924)
Income tax expense		<u>-</u>	<u>-</u>
Loss after income tax expense for the year		(1,287,857)	(544,924)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(1,287,857)</u>	<u>(544,924)</u>
Loss for the year is attributable to:			
Non-controlling interest		(8,091)	7,512
Owners of BKM Management Limited		<u>(1,279,766)</u>	<u>(552,436)</u>
		<u>(1,287,857)</u>	<u>(544,924)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(8,091)	7,512
Owners of BKM Management Limited		<u>(1,279,766)</u>	<u>(552,436)</u>
		<u>(1,287,857)</u>	<u>(544,924)</u>
		Cents	Cents
Basic earnings per share	7	(0.21)	(0.10)
Diluted earnings per share	7	(0.21)	(0.10)

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

BKM Management Limited
Statement of financial position
As at 30 June 2011

		Consolidated	
	Note	2011	2010
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	3	367,811	146,276
Trade and other receivables		217,636	237,670
Other		10,547	4,502
Total current assets		<u>595,994</u>	<u>388,448</u>
Non-current assets			
Property, plant and equipment		3,259	1,268
Intangibles		49,878	49,878
Financial assets at fair value through profit or loss		1,048,467	1,877,838
Total non-current assets		<u>1,101,604</u>	<u>1,928,984</u>
Total assets		<u>1,697,598</u>	<u>2,317,432</u>
Liabilities			
Current liabilities			
Trade and other payables		795,012	650,407
Borrowings		1,060,970	1,191,000
Employee benefits		18,555	14,516
Total current liabilities		<u>1,874,537</u>	<u>1,855,923</u>
Non-current liabilities			
Borrowings		273,000	-
Employee benefits		30,800	24,939
Total non-current liabilities		<u>303,800</u>	<u>24,939</u>
Total liabilities		<u>2,178,337</u>	<u>1,880,862</u>
Net assets/(liabilities)		<u>(480,739)</u>	<u>436,570</u>
Equity			
Contributed equity	4	25,113,948	24,743,400
Accumulated losses		<u>(25,585,298)</u>	<u>(24,305,532)</u>
Equity attributable to the owners of BKM Management Limited		(471,350)	437,868
Non-controlling interest		(9,389)	(1,298)
Total equity/(deficiency)		<u>(480,739)</u>	<u>436,570</u>

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

BKM Management Limited
Statement of changes in equity
For the year ended 30 June 2011

	Contributed equity \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Consolidated				
Balance at 1 July 2009	24,446,848	(23,750,244)	(11,662)	684,942
Other comprehensive income for the year, net of tax	-	-	-	-
Profit/(loss) after income tax expense for the year	-	(552,436)	7,512	(544,924)
Total comprehensive income for the year	-	(552,436)	7,512	(544,924)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	296,552	-	-	296,552
Transfers	-	(2,852)	2,852	-
Balance at 30 June 2010	<u>24,743,400</u>	<u>(24,305,532)</u>	<u>(1,298)</u>	<u>436,570</u>
	Contributed equity \$	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Consolidated				
Balance at 1 July 2010	24,743,400	(24,305,532)	(1,298)	436,570
Other comprehensive income for the year, net of tax	-	-	-	-
Loss after income tax expense for the year	-	(1,279,766)	(8,091)	(1,287,857)
Total comprehensive income for the year	-	(1,279,766)	(8,091)	(1,287,857)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	370,548	-	-	370,548
Balance at 30 June 2011	<u>25,113,948</u>	<u>(25,585,298)</u>	<u>(9,389)</u>	<u>(480,739)</u>

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

BKM Management Limited
Statement of cash flows
For the year ended 30 June 2011

	Note	Consolidated	
		2011	2010
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,836,956	1,786,463
Payments to suppliers and employees (inclusive of GST)		<u>(2,040,324)</u>	<u>(1,987,937)</u>
		(203,368)	(201,474)
Interest received		<u>6,949</u>	<u>5</u>
Net cash used in operating activities	6	<u>(196,419)</u>	<u>(201,469)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,500)	-
Proceeds from sale of investments		<u>35,154</u>	<u>-</u>
Net cash from investing activities		<u>32,654</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares	4	400,000	-
Proceeds from borrowings		14,752	140,000
Capital raising costs		(29,452)	(7,889)
Interest on convertible notes		<u>-</u>	<u>(5,014)</u>
Net cash from financing activities		<u>385,300</u>	<u>127,097</u>
Net increase/(decrease) in cash and cash equivalents		221,535	(74,372)
Cash and cash equivalents at the beginning of the financial year		<u>146,276</u>	<u>220,648</u>
Cash and cash equivalents at the end of the financial year	3	<u><u>367,811</u></u>	<u><u>146,276</u></u>

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

BKM Management Limited
Notes to the financial statements
30 June 2011

Note 1. Revenue

	Consolidated	
	2011	2010
	\$	\$
<i>Sales revenue</i>		
Agency fees	1,637,864	1,692,136
<i>Other revenue</i>		
Interest	6,949	5
Other revenue	15,272	13,710
	<u>22,221</u>	<u>13,715</u>
Revenue	<u>1,660,085</u>	<u>1,705,851</u>

Note 2. Expenses

	Consolidated	
	2011	2010
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	509	844
<i>Finance costs</i>		
Convertible notes	128,218	113,364
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	70,653	62,281
<i>Superannuation expense</i>		
Defined contribution superannuation expense	27,909	30,291
<i>Employee benefits expense</i>		
Employee benefits expense	436,851	500,653

Note 3. Current assets - cash and cash equivalents

	Consolidated	
	2011	2010
	\$	\$
Cash on hand	320	420
Cash at bank	367,491	145,856
	<u>367,811</u>	<u>146,276</u>

BKM Management Limited
Notes to the financial statements
30 June 2011

Note 4. Equity - contributed

	Consolidated	Consolidated	Consolidated	Consolidated
	2011	2010	2011	2010
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>640,657,733</u>	<u>583,514,875</u>	<u>25,113,948</u>	<u>24,743,400</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2009	507,404,640		24,446,848
Issued in lieu of interest on convertible notes due on 30 September 2009	5 October 2009	16,187,708	\$0.004	64,751
Issued in lieu of interest on convertible notes due on 30 September 2009	5 October 2009	58,055,625	\$0.004	232,222
Issued in lieu of convertible notes as per Resolution 3 of 2009 AGM	27 November 2009	1,866,902	\$0.004	7,468
Translation costs relating to share issue		<u>-</u>	\$0.000	<u>(7,889)</u>
Balance	30 June 2010	583,514,875		24,743,400
Issue of shares	21 December 2010	57,142,858	\$0.007	400,000
Capital raising costs		<u>-</u>	\$0.000	<u>(29,452)</u>
Balance	30 June 2011	<u>640,657,733</u>		<u>25,113,948</u>

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 other stakeholders 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 the 30 June 2010 Annual Report.

Note 5. Events occurring after the reporting date

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

BKM Management Limited
Notes to the financial statements
30 June 2011

Note 6. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2011	2010
	\$	\$
Loss after income tax expense for the year	(1,287,857)	(544,924)
Adjustments for:		
Depreciation and amortisation	509	844
Interest on convertible notes	128,218	113,364
Net fair value movement on financial assets	788,904	174,156
Net loss on sale of assets	5,313	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	20,034	(81,226)
Increase in other operating assets	(6,045)	(92)
Increase in trade and other payables	144,605	136,052
Increase in employee benefits	9,900	357
Net cash used in operating activities	<u>(196,419)</u>	<u>(201,469)</u>

Note 7. Earnings per share

	Consolidated	
	2011	2010
	\$	\$
Loss after income tax	(1,287,857)	(544,924)
Non-controlling interest	8,091	(7,512)
Loss after income tax attributable to the owners of BKM Management Limited	<u>(1,279,766)</u>	<u>(552,436)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>613,573,584</u>	<u>563,225,756</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>613,573,584</u>	<u>563,225,756</u>
	Cents	Cents
Basic earnings per share	(0.210)	(0.100)
Diluted earnings per share	(0.210)	(0.100)

BKM Management Limited
Notes to the financial statements
30 June 2011

Note 8. Going concern

As at 30 June 2011, the consolidated entity incurred an operating loss of \$1,287,857 (2009 loss: \$544,924) and net liabilities were \$480,739 (June 2010: net assets \$436,570). The consolidated entity's cash position has increased to \$367,811 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 are in discussions with the note holders which expire in the next financial year and are confident that all the convertible notes will be converted to equity. Therefore it is expected the convertible notes expiring during the next twelve months will be redeemed and converted into equity in accordance with the note agreement;
- 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 30 June 2011.

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.