

BKM MANAGEMENT LIMITED AND CONTROLLED ENTITIES

APPENDIX 4D FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Results for Announcement to the Market

Current Reporting Period - Half year Ended 31 December 2009

Previous Reporting Period - Half year Ended 31 December 2008

Revenue from ordinary activities	down	21.21%	to	\$915,133
Loss from ordinary activities after tax attributable to members	down	35.66%	to	(\$405,269)
Net loss for the period attributable to members	down	35.66%	to	(\$405,269)

Dividends (distribution)	Amount per Security	Franked Amount
Final dividend	n/a	n/a
Previous corresponding period	n/a	n/a

Net Tangible Asset per Security (cents per security)

As at 31 December 2009 0.09

As at 31 December 2008 0.26

Record date for determining entitlements to the dividend, (in the case of a trust, distribution)

n/a

Explanation of the above information:

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 2009**

(previous corresponding period: half year ended 31 December 2008)

To be read in conjunction with the 30 June 2009 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 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 2009 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.

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 2009.

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:

Mr. Michael Sim
Mr. Evan McGregor
Mr. Alvin Tan

Executive Chairman
Non-Executive Director
Non-Executive Director

Review of Operations

The second half of 2009 started on a cautious note, following the rapid decline and uncertainty in the world economy in the first half of 2009, and its gradual and fragile recovery.

The consolidated loss for the period was reduced significantly from \$629,933 to \$405,269, primarily from administrative and corporate cost cuts. Revenue was lower by 21% to \$915,123 whilst costs declined by 25% to \$1,332,086 (including non cash items). In the light of the difficult economic climate, the Scene subsidiary incurred a loss of \$28,028 (adjusted after the elimination of intercompany transactions) compared to a profit of \$59,978 in the previous half year.

Performance at the Hong Kong based Global Capital improved significantly especially in the latter half of 2009 following the economic recovery in China led by government stimulus. Modifications to the Sanctuary Health Spa concluded earlier years helped to attract customers to the facility. Prospects for 2010 remain optimistic assuming continued growth in the Chinese economy in South China.

IGC Asia faced a challenging second half 2009 amid slow demand recovery in the oil markets while trading remained volatile and generally rising prices with improved economic expectations. By then credit tightness had eased, facilitating financing. Higher commodity prices, however, were not translated into higher downstream prices due to excess capacity in most businesses including the shipping business in which IGC sells bunker to. This squeezed margins along the value chain, exacerbating trading conditions. Expansion in the bunker business, initially planned, was delayed in the light of this and now planned for a 2010 development.

The investment in IGC was further impaired by \$164,106 in the period, due to continued strength of the Australian dollar against the US dollar.

The Board has been pursuing new business opportunities during the period, as mentioned previously. The aim is to broaden the business base of BKM. Updates in relation to these opportunities are expected to be announced 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. Michael Sim
Managing Director
BKM Management Limited

Dated: Thursday 25 February 2010

AUDITORS' INDEPENDENCE DECLARATION



25 February 2010

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

Dear Board Members

**AUDITOR'S INDEPENDENCE DECLARATION
IN ACCORDANCE WITH SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF BKM MANAGEMENT LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BKM Management Limited.

As lead audit partner for the review of the financial report of BKM Management Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporation Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully
William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

A handwritten signature in black ink, appearing to read 'H. D. Paton'.

Hugh D. Paton
Director

Dated in Melbourne, Australia on this 25th day of February 2010

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Consolidated Entity	
	31 December 2009	31 December 2008
	\$	\$
Revenue from Ordinary Activities	915,133	1,161,552
Administration and Corporate	(214,038)	(847,556)
Employment and Consulting	(282,634)	(298,478)
Model and Talent Costs	(656,739)	(547,175)
Net Profit/(Loss) on Financial Assets held at Fair Value Through Profit or Loss	(145,972)	(76,117)
Occupancy	(32,703)	(32,166)
Share of Net Loss of Joint Venture	-	19,004
Loss Before Income Tax	(416,953)	(620,936)
Income Tax Expense	-	-
Loss for the Half Year	(416,953)	(620,936)
(Gain)/Loss Attributable to Minority Interest	11,684	(8,997)
Loss Attributable to the Members of the Company	(405,269)	(629,933)
Other Comprehensive Income		
Other Comprehensive Income for the Period, Net of Tax	-	-
Total Comprehensive Income for the Half Year	(405,269)	(629,933)
Total Comprehensive Income Attributable to:		
Owners of BKM Management Limited	(416,953)	(620,936)
Non-Controlling Interests	11,684	(8,997)
	(405,269)	(629,933)
	Cents	Cents
Loss per share for loss from attributable to the ordinary equity holders of the company:		
Basic loss per share	(0.07)	(0.13)
Diluted loss per share	(0.07)	(0.13)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Consolidated Entity	
	31 December 2009	30 June 2009
	\$	\$
Current Assets		
Cash and Cash Equivalents	147,272	220,648
Trade and Other Receivables	138,284	156,444
Other	16,245	4,410
Total Current Assets	301,801	381,502
Non Current Assets		
Other Financial Assets	1,906,021	2,051,993
Property, Plant and Equipment	1,675	2,112
Goodwill	49,878	49,878
Total Non Current Assets	1,957,574	2,103,983
TOTAL ASSETS	2,259,375	2,485,485
Current Liabilities		
Trade and Other Payables	460,046	483,945
Borrowings	991,000	812,500
Provisions	25,442	24,420
Total Current Liabilities	1,476,488	1,320,865
Non Current Liabilities		
Borrowings	200,000	465,000
Provisions	14,678	14,678
Total Non Current Liabilities	214,678	479,678
TOTAL LIABILITIES	1,691,166	1,800,543
NET ASSETS	568,209	684,942
Equity		
Issued Capital	24,747,068	24,446,848
Accumulated Losses	(24,155,513)	(23,750,244)
Total parent entity interest in equity	591,555	696,604
Minority Interest	(23,346)	(11,662)
TOTAL EQUITY	568,209	684,942

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2009

Consolidated Entity

	Issued Capital \$	Accumulated Losses \$	Minority Equity Interests	Total \$
Balance at 30 June 2008	23,721,668	(22,511,481)	32,138	1,242,325
Transactions with equity holders in their capacity as equity holders:				
Shares Issued Net of Costs	725,180	-	-	725,180
Loss for the Period	-	(629,933)	-	(629,933)
Gain Attributable to Minority Shareholders	-	-	8,997	8,997
Balance at 31 December 2008	24,446,848	(23,141,414)	41,135	1,346,569
Loss for the Period	-	(608,830)	-	(608,830)
Loss Attributable to Minority Shareholders	-	-	(52,797)	(52,797)
Balance at 30 June 2009	24,446,848	(23,750,244)	(11,662)	684,942
Transactions with equity holders in their capacity as equity holders:				
Shares Issued Net of Costs	300,220	-	-	300,220
Loss for the Period	-	(405,269)	-	(405,269)
Loss Attributable to Minority Shareholders	-	-	(11,684)	(11,684)
Balance at 31 December 2009	24,747,068	(24,155,513)	(23,346)	568,209

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Consolidated Entity	
	31 December 2009	31 December 2008
	\$	\$
Cash Flows Related To Operating Activities		
Receipts from Customers	911,639	946,181
Payments to Suppliers and Employees	(1,120,799)	(1,129,203)
Interest Received	5	460
Interest and Other Costs of Finance Paid	-	(10,321)
NET OPERATING CASH FLOWS	(209,155)	(192,883)
Cash Flows Related To Investing Activities		
Payment for Purchases of Plant and Equipment	-	(3,376)
Other (Return of Capital on Investment)	-	32,000
NET INVESTING CASH FLOWS	-	28,624
Cash Flows Related To Financing Activities		
Capital Raising Costs	(4,221)	(3,820)
Proceeds from Borrowings	140,000	210,000
NET FINANCING CASH FLOWS	135,779	206,180
Net Increase/(Decrease) In Cash And Cash Equivalents	(73,376)	41,921
Cash and Cash Equivalents at the Beginning of the Half Year	220,648	340,422
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR	147,272	382,343

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 2009 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 2009 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.

The accounting policies adopted are consistent with the most recent Annual Financial Report for the year ended 30 June 2009.

Accounting Standards include Australian equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial statements and notes of the entity comply with International Financial Reporting Standards.

(b) Summary of the Significant Accounting Policies

Apart from the changes in accounting policy noted below, 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 2009.

AASB 2009-101 Presentation

The revised AASB 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners with non-owners changes in equity presented in a reconciliation of each component of equity and included in a new statement of comprehensive income. The Group has elected to present all items of recognized income and expense in one single statement of comprehensive income.

AASB 2009-8 Amendments to Australian Accounting Standards - Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has had no effect on the consolidated entity as two reporting segments are still deemed applicable given that the group is a non-complex operation. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

Note 2. Dividends

The company has not declared any dividends in the period ended 31 December 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Note 3. Segment Information

(a) Description of Segments

The Company is domiciled in Australia and the consolidated entity is organised into the following divisions by product and service type:

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) Primary Reporting Format - Business Segments

31 December 2009	Modelling (\$)	Investment (\$)	Total (\$)
<u>Revenue</u>			
External Sales	899,967	-	899,967
Other revenue - interest	-	5	5
Unallocated Revenue	13,593	1,568	15,161
Total Revenue	913,560	1,573	915,133
<u>Result</u>			
Segment Result	(41,489)	(378,941)	(420,430)
Unallocated Revenue	13,593	1,568	15,161
Net Result	(27,896)	(377,373)	(405,269)
<u>Assets</u>			
Segment Assets	252,359	2,007,016	2,259,375
Total Assets	252,359	2,007,016	2,259,375
<u>Liabilities</u>			
Segment Liabilities	234,991	1,456,175	1,691,166
Total Liabilities	234,991	1,456,175	1,691,166

31 December 2008	Modelling (\$)	Investment (\$)	Total (\$)
<u>Revenue</u>			
External Sales	923,737	-	923,737
Other revenue - interest	1,251	236,564	237,815
Total Revenue	924,988	236,564	1,161,552
<u>Result</u>			
Segment Result	59,978	(689,911)	(629,933)
Net Loss	59,978	(689,911)	(629,933)
<u>Assets</u>			
Segment Assets	511,302	2,527,741	3,039,043
Total Assets	511,302	2,527,741	3,039,043
<u>Liabilities</u>			
Segment Liabilities	218,062	1,474,412	1,692,474
Total Liabilities	218,062	1,474,412	1,692,474

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 2009		30 June 2009	
	No.	\$	No.	\$
<u>Issued and Paid Up Capital</u>				
Fully Paid Ordinary Shares	583,514,875	24,746,304	507,404,640	24,446,084
Options over Fully Paid Ordinary Shares	20,000,000	764	20,000,000	764
Total Issued Capital		24,747,068		24,446,848

During the half year ended 31 December 2009, the following movements in equity occurred:

Shares

05 October 2009	Issue of 16,187,708 shares in lieu of cash payment of interest due on convertible notes, subsequently approved by members at the AGM held on 23 November 2009.
05 October 2009	Issue of 58,055,625 shares in lieu of cash payment of interest due on convertible notes and partial redemption of convertible notes, subsequently approved by members at the AGM held on 23 November 2009.
27 November 2009	Issue of 1,866,902 shares in lieu of cash payment of interest due on convertible notes, as approved by members at the AGM held on 23 November 2009.

Note 6. Going Concern

This financial report has been prepared on a going concern basis that the entity will be dependent on the successful sourcing of additional funding. The Directors believe that the assumption of a going concern in the preparation of this financial report is appropriate. The financial report does 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 Company not be able to continue as a going concern.

As at 31 December 2009, the consolidated entity incurred an operating loss of \$416,953 (2008 loss: \$620,936). As at the half year ended 31 December 2009, the consolidated entity's net assets stood at \$568,209 (June 2009: \$684,942). The consolidated entity's cash position has decreased to \$147,272 from \$220,648 at 30 June 2009.

The Directors believe that the going concern basis of preparation is appropriate given the following reasons:

- The Directors expect that the Company will continue as a going concern through the successful issue of shares and convertible securities. The current borrowings of \$991,000 and non-current borrowings of \$200,000 are 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 2009/2010 financial year can be extended for a period of 6 to 12 months. If this is unsuccessful or not sufficient the Company has the ability to scale down its operations sufficiently to remain a going concern.
- The Company has entered into a 12 month ongoing funding arrangement with IGC Asia, which consists of a loan drawdown facility of up to A\$150,000. The facility has been put in place as a working capital funding arrangement and to be used on a standby basis.
- At this time, 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 2009. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Note 7. Loss per Share from Overall Operations

	31 December 2009 cents	30 June 2009 cents
Basic Loss per Share	(0.07)	(0.25)
Diluted Loss per Share	(0.07)	(0.25)
	\$	\$
a) Net Loss used in the calculation of basic and diluted loss per share	(405,269)	(1,238,763)
	No.	No.
b) Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	543,047,507	501,285,135

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 8. Net Tangible Assets

	31 December 2009 \$	30 June 2009 \$
Net Tangible Assets	518,331	635,064
	No.	No.
Shares	583,514,875	507,404,640
	\$	\$
Net Tangible Assets (cents)	0.09	0.13

Note 9. Events Subsequent to Reporting Date

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 12:

(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 2009 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. Michael Sim
Managing Director
BKM Management Limited

Dated: Thursday 25 February 2010

AUDIT REPORT



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

BKM MANAGEMENT LIMITED

ABN 42 111 587 163

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of BKM Management Limited and the entities it controlled during the period, which comprises the consolidated statement of financial position as at 31 December 2009, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 to believe that the interim 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 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of BKM Management Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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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AUDIT REPORT (Continued)

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

ABN 89 124 894 060

(Continued)

Independence

In conducting our review, we have complied with applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based upon 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 BKM Management Limited and controlled entities is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB134 *Interim Financial Reporting* and the Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 6 on page 11 to the financial statements, there is significant uncertainty whether the consolidated group will be able to continue as a going concern and therefore 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.



Hugh D. Paton

Director

William Buck Audit (VIC) Pty Ltd

ABN 59 116 151 136

Dated in Melbourne, Australia on this 25th day of February 2010