

BKM MANAGEMENT LIMITED

Annual Financial Report

For The Year Ended 30 June 2012

Table of Contents

Corporate Directory	2
Director's Report.....	3
Auditors Independence Declaration	10
Corporate Governance Statement.....	11
Statement of Comprehensive Income for the year ended 30 June 2012.....	18
Statement of financial position as at 30 June 2012.....	19
Statement of Cash Flows for the year ended 30 June 2012	21
Notes to the financial statements	22
Director's Declaration	49
Auditor's Report.....	50
Shareholder Information	53

BKM MANAGEMENT LIMITED
ABN: 61 009 146 543

Corporate Directory

Directors	Alvin Tan Evan McGregor Michael Sim
Company Secretary	Phillip Hains
Registered Office	Suite 1, 1233 High Street, Armadale VIC 3143 Telephone: +61 3 9824 5254 Facsimile: +61 3 9822 7735
Share Register	Advanced Share Registry Services 150 Stirling Highway, Nedlands, Perth WA 6909 Telephone: +61 8 9389 8033 Facsimile: +61 8 9389 7871
Auditor	William Buck Audit (VIC) Pty Ltd Level 20, 181 William Street, Melbourne VIC 3000 Telephone: +61 3 9824 8555 Facsimile: +61 3 9824 8580
Solicitors	Pointon Partners 14/565 Bourke Street, Melbourne VIC 3000
Stock Exchange Listing	BKM Management Limited shares are listed on the Australian Securities Exchange (ASX Code: BKM)
Website	www.bkmmanagement.com

BKM MANAGEMENT LIMITED

Director's Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of BKM Management Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2012.

Directors

The following persons were directors of BKM Management Limited during the whole of the financial year and up to the date of this report:

Name	Position
Mr. Alvin Tan	Chairman
Mr. Evan McGregor	Non-Executive Director
Mr. Michael Sim	Non-Executive Director

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- The operation of modeling agencies in Australia
- Investment in an oil trading business in Singapore

There have been no significant changes in the nature of those principle activities during the financial year.

Dividends

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

Review of operations

During the year under review BKM Management Ltd (BKM) made progress in improving its financial position. Revenues increased and operating costs were reduced. The overall loss for the year amounted to \$691,654 including a non-cash decline in the fair value of the company's investment in IGC Asia Pte Ltd \$630,711. This compares favourably with the previous year the group loss amounted to \$1,287,857 including a non cash decline in the fair value of the investment of \$788,904.

The other significant improvement for the company during the year was the conversion of Convertible Securities to equity following shareholders' approval at the 2011 AGM. Addition equity issued during the year amounted to \$1,031,384. These changes were made to ensure BKM could better move ahead with its future endeavours. Management has also secured agreement from one of the additional convertible security holders to convert to some of their equity at \$0.006 per share subject to shareholders approval.

The Company's activities with OneMet Minerals Pty Ltd have unfortunately not progressed further due to unfavourable market conditions for new listings. At this stage, BKM proposes not to pursue this opportunity until there is a significant change to the current difficult IPO environment.

BKM has maintained its interest in Scene Model Management Pty Ltd (Scene) and IGC Asia Pte Ltd (IGC) during the year.

Following the decline in the fair value of the IGC investment and operating loss, the company has a negative net asset position amounting to \$141,009, down from \$480,739 in 2011. This should improve after the conversion mentioned above. The Company will look at pursuing additional equity in order to strengthen the balance sheet or upon commitment to any additional expansion or growth plans.

BKM MANAGEMENT LIMITED

Scene Model Management Pty Ltd

The majority of the consolidated entity's revenue was derived from Scene's operations. Revenue for the period increased significantly to \$2,052,202 compared with \$1,653,136. With this Scene was able to generate a profit of \$29,298, compared to the loss of \$53,942 for the year ending 30 June 2011. The better performance came on the back of steadily improving trading conditions over the course of the year, particularly the last six months of trading. If this trend continues, then the outlook for Scene appears quite favourable.

This investment has not been impaired in the current financial year, and may well have increased in value as a result of the profit performance and revenue growth.

IGC Asia Pte Ltd

IGC's performance for the year was well below budget, resulting in a large loss. IGC has been working with its major shareholder and parent company, CBS Ventures Plc., and BKM to revise its operating model to better suit the current economic climate. As a result, IGC has reduced its risk exposure in its trading platform while maintaining margins in its trading. This has resulted in reduced turnover, as generally only the value of margins are recognised, rather than the value of trades. IGC's six months performance to June 2012 has provided the Company with some confidence in IGC's ability to achieve a profit turnaround for calendar year end 2012. The fair value of the investment has declined by \$630,711 in the 2011-12 financial year resulting in a carry value of \$417,756.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2012 that have a significantly affected, or may significantly affect the consolidated entity's operations, the results of these operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Outlook

The global economic environment continues to be a challenge for reliable forecasts with significant risk events in the current market. The management of both Scene and IGC continue to focus on improving results by maintaining vigilance on costs and sustainable revenue growth.

The Company also continues to pursue its business objectives through both direct operations and strategic investments. The Company is also assessing a number of other new projects which may have a positive effect on the Net Assets of the Company.

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.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

BKM MANAGEMENT LIMITED

Information on directors

Name:	Alvin Tan
Title:	Chairman
Appointed Chairman:	1 st October 2010
Re-elected as Chairman:	26 th November 2010
Qualifications:	Bachelor of Commerce (with honors)
	Experience and expertise: Alvin has a wide range of experience in investment markets in Australia and overseas. He has worked with KPMG Peat Marwick in Kuala Lumpur and has been an investment advisor in the Asia-Pacific equity markets for DJ Carmichael Pty Ltd.
Former Directorships (last 3 years):	Mr Tan is also a director of Coral Sea Petroleum Limited (formally Orchid Capital Limited since 2000) and Advanced Share Registry Limited (since 2007). Former directorships in other listed entities in past 3 years are: Alloy Steel International Inc (USA listed, 6 April 2010 to 4 August 2010).
Special Responsibilities:	None
Interest in Shares:	11,600,000 Ordinary Shares
Interest in Options:	None

Name:	Evan McGregor
Title:	Non-Executive Director
Appointed to the Board:	7 th March 2002
Re-elected to the Board:	25 th November 2011
Qualifications:	B.Sc and B.Econ
Experience and expertise:	Evan has a wide range and depth of business development skills from his many years of involvement with small emerging listed companies. He has worked at a senior level in large organisations and his specialties include strategic analysis, negotiations and corporate and financial management.
Former Directorships (last 3 years):	None
Special Responsibilities:	None
Interest in Shares:	60,660,753 Ordinary Shares
Interest in Options:	None

BKM MANAGEMENT LIMITED

Name:	Michael Sim
Title:	Non-Executive Director
Appointed to the Board:	1 st October 2010
Re-elected to the Board:	None
Qualifications:	Bachelor of Science (with honors) and Master of Business Administration
Experience and expertise:	Michael joined IGC Asia Pte Ltd as Chief Executive Officer in January 2007 to lead and develop the trading of petroleum products. He has been in the oil trading business for over 12 years, starting with Exxon, then starting the Crown resources AG Singapore trading office for the Russian conglomerate, Alfa Group in 1999. Subsequently he moved on to trade at Noble Group, Petrochina and ABN Amro. He brings the entire spectrum of refinery, trading and logistics experience to the company.
Former Directorships (last 3 years):	None
Special Responsibilities:	None
Interest in Shares:	1,866,902 Ordinary Shares
Interest in Options:	None

Company secretary

Phillip Hains is a Chartered Accountant operating a specialist public practice, 'The CFO Solution'. The CFO Solution focuses on providing back office support, financial reporting and compliance systems for listed public companies. A specialist in the public company environment, Phillip serves the needs of a number of company boards and their related committees. He has over 20 years' experience in providing businesses with accounting, administration, compliance and general management services.

Meetings of directors

The number of meetings of the company's Board of Directors held during the year ended 30 June 2012, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Alvin Tan	6	6
Evan McGregor	5	6
Michael Sim	5	6

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

A Principles used to determine the nature and amount of remuneration

Remuneration of all Executive and Non-Executive Directors, Officers and Employees is determined by the Board of Directors ('Board').

The consolidated entity is committed to remunerating senior executives and executive directors in a manner that is market-competitive and consistent with 'Best Practice' including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive directors are remunerated out of the maximum aggregate amount approved by shareholders and at a level that is consistent with industry standards. Non-Executive directors do not receive performance based bonuses and/or other incentives and prior shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable

Non-Executive directors are remunerated out of the maximum aggregate amount approved by shareholders and at a level that is consistent with industry standards. Non-Executive directors do not receive performance based bonuses and/or other incentives and prior shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

Remuneration policy versus financial performance

The consolidated entity's primary focus is the acquisition of new investment opportunities and streamlining or enhancing the existing investments held.

The consolidated entity envisages its performance in terms of earnings will remain negative whilst the consolidated entity continues this transformation process.

Performance income as a proportion of total remuneration

All executives are eligible to receive incentives whether through employment contracts or by the recommendation of the Board. Their performance payments are based on a set monetary value, set number of shares or options or as a portion of base salary. Therefore there is no fixed proportion between incentive and non-incentive remuneration as the payment of performance income is discretionary.

Performance based remuneration

The purpose of a performance bonus is to reward individual performance in line with the consolidated entity's objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the consolidated entity. This is regularly measured in respect of performance against key performance indicators ('KPI's').

The consolidated entity uses a variety of KPI's to determine achievement, depending on the role of the executive being assessed. These include:

- Successful contract negotiations; and
- Improved performance within a division

There was no performance based remuneration under the employment contracts of Directors and Key Management Personnel paid during the financial year (2011: Nil).

B Details of remuneration

Amounts of remuneration Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of BKM Management Limited are set out in the following tables.

BKM MANAGEMENT LIMITED

The key management personnel of the consolidated entity consisted of the directors of BKM Management Limited and the following executives:

- Anthony Harden - State Manager - Western Australia
- Phillip Hains - Company Secretary and Chief Financial Officer

	30-June-2012	30-June-2011
	\$	\$
Short-term benefits		
Directors:		
Alvin Tan	-	46,200
Evan McGregor	-	36,000
Michael Sim	-	27,000
Other Key Management:		
Anthony Harden	78,109	79,234
Phillip Hains	72,500	92,094
	150,609	280,528

Directors have waived \$100,000 of accrued Director fees for the Financial Year 2012.

C Service agreements

No director is under a written employment contract.

D Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2012.

Options

There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2012.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2012.

This concludes the remuneration report, which has been audited.

Shares under option

There were no options outstanding as at 30 June 2012.

Shares issued on the exercise of options

There were no shares of BKM Management Limited issued on the exercise of options during the year ended 30 June 2012.

Indemnity and insurance of officers

The company has entered into an Officer's Protection Deed with each of the directors to indemnify each of them against any liability that may be incurred in relation to their duties as an officer of the company to the extent permitted by the law. This indemnification continues for 7 years after termination of the directorship.

The company has not otherwise, during or since the financial year, paid a premium in respect of a contract to insure the directors and officers of the company against a liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of William Buck Audit (VIC) Pty Ltd

There are no officers of the company who are former audit partners of William Buck Audit (VIC) Pty Ltd.

Auditor's independence declaration

A copy of the auditor's 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 directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors.

A handwritten signature in black ink, appearing to read 'Alvin Tan', with a stylized flourish at the end.

Alvin Tan
Chairman

28th September 2012

Auditors Independence Declaration



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 year ended 30 June 2012 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

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

J.C. Luckins

J.C. Luckins
Director

Dated this 28th day of September, 2012

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Melbourne: Level 20, 181 William Street, Melbourne VIC 3000 | Hawthorn: 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.



Corporate Governance Statement

The company is committed to implementing the highest standards of corporate governance. In determining what those standards should involve, the consolidated entity has considered the ASX Corporate Governance Council's ('the Council') Corporate Governance Principles and Recommendations.

A review of the company's 'Corporate Governance Framework' is performed on a periodic basis to ensure that it is relevant and effective in light of changing legal and regulatory requirements. The Board of Directors ('the Board') continues to adopt a set of Corporate Governance Practices and a Code of Conduct appropriate for the size, complexity and operations of the company and its subsidiaries.

Where the company's corporate governance practices do not correlate with the practices recommended by the Council, the company has states that fact and has set out a mandate for future compliance when the size of the consolidated entity and the scale of its operations warrants the introduction of those recommendations. All Charters and Policies are available from the company.

To illustrate where the company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation, but rather the topic covered. The full details of each recommendation can be found on the ASX Corporate Governance Council's website.

Recommendation	Section
1.1 Functions of the Board and Management	1.1
1.2 Senior Executive Evaluation	1.4.10
1.3 Reporting on Principle 1	1.1; 1.4.10
2.1 Independent Directors	1.2
2.2 Independent Chair	1.2
2.3 Role of the Chair and CEO	1.2
2.4 Establishment of Nomination Committee	2.2
2.5 Board and Individual Director Evaluation	1.4.10
2.6 Reporting on Principle 2	1.2; 1.4.10; 2.2.2 and Directors' Report
3.1 Code of Conduct	3.1
3.2 Company Securities Trading Policy	1.4.9
3.3 Reporting on Principle 3	3.1
4.1 Audit, Risk and Compliance Policies	2.1
4.2 Structure of Audit Committee	2.1.2
4.3 Audit Committee Charter	2.1
4.4 Reporting on Principle 4	2.1
5.1 Policy for Compliance with Continuous Disclosure	1.4.4
5.2 Reporting on Principle 5	1.4.4
6.1 Communications Policy	1.4.8
6.2 Reporting on Principle 6	1.4.8
7.1 Policies on Risk Oversight and Management	2.1.3
7.2 Risk Management Report	1.4.12
7.3 CEO and CFO Assurance	1.4.11
7.4 Reporting on Principle 7	1.4.11; 1.4.12; 2.1.3
8.1 Establishment of Remuneration Committee	2.2
8.2 Executive and Non-Executive Director Remuneration	2.2.4.1; 2.2.4.2
8.3 Reporting on Principle 8	2.2; 2.2.4.1; 2.2.4.2

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interest of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

To assist the Board carry out its functions, it has a Code of Conduct in place to guide Directors, the Chief Executive Officer, the Chief Financial Officer and other senior executives and employees in the performance of their roles.

1.2 Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated in the Directors' Report under the section headed 'Information on Directors' along with the term of office held by each of the Directors.

The Board believes that the interests of all Shareholders are best served by:

- Directors having the appropriate skills, experience and contacts within the Company's industry;
- The Company striving to have a number of Directors being independent; and
- Some major Shareholders being represented on the Board.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Further, the Company also recognises the importance of Independent Directors in ensuring shareholders that the Board is properly fulfilling its role.

The Company considers a Non-Executive Director to be independent when they are not a substantial shareholder of the Company or an associate of a substantial holder of the Company or have any other material interest and within the past three years has not been employed in an executive capacity by the Company (or subsidiary) and is free from any business or other relationship which could materially interfere with the Director's ability to act in the best interests of the Company and shareholders.

The Company believes that at this stage in its development, the most appropriate person for the position of Chairman is an Executive Officer of the Company. The Executive Officer's overall expertise has been crucial to the Company's development and negates any perceived lack of independence.

1.3 Responsibility of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the consolidated entity.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

1. *Leadership of the Organisation:* overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
2. *Strategy Formulation:* to set and review the overall strategy and goals for the Company and ensure that there are policies in place to govern the operation of the consolidated entity.
3. *Overseeing Planning Activities:* overseeing the development of the Company's strategic plan and approving that plan as well as the annual and long term budgets.
4. *Shareholder Liaison:* ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings.
5. *Monitoring, Compliance and Risk Management:* overseeing the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operation performance of the Company.
6. *Company Finances:* approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.

7. *Human Resources*: appointing, and, where appropriate, removing the Executive Officers as well as reviewing the performance of the Chief Executive Officer and monitoring the performance of senior management in their implementation of Company's strategy.
8. *Ensuring the Health, Safety and Well-Being of Employees*: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. *Delegation of Authority*: delegating appropriate powers to executives of the Company to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.
10. *Audit, Risk and Compliance Policy*: assisting the Board in fulfilling its responsibilities in respect of establishing an oversight and management of risk within the Company.
11. *Remuneration and Nomination Policy*: assisting the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees and achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection at the Company's registered office.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirement and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The Company also posts all information disclosed in accordance with this policy on the Company's website in an area accessible by the public.

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Information conveyed to new Directors includes:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements;
- a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- an analysis of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company and will be reported in writing at each Board meeting. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company entity is committed to:

1. communicating effectively with shareholders through releases to the market via the ASX and the general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

Shareholders are also able to ring the registered office of the Company to make enquiries of the Company or obtain updated announcements via the ASX website (www.asx.com.au) and the Company's website (www.bkmmanagement.com).

Information is communicated to shareholders through:

- the annual report which is published on the Company's website and distributed to shareholders where specifically requested;
- the half-year shareholder's report which is published on the Company's website and distributed to shareholders where specifically requested, containing summarised financial information and a review of the operations during the period since the annual report; and
- other correspondence regarding matters impacting on shareholders as required.

1.4.9 Trading in the Consolidated Entity's Shares

The Company has a Share Trading Policy which states that Directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX. Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

1.4.10 Performance Review/Evaluation

A 'Performance Evaluation Policy' has been established to evaluate the performance of the Board, individual Directors and Executive Officers of the Company. The Board is responsible for conducting evaluations on an annual basis in line with these policy guidelines.

During the reporting period, the Board conducted individual and group performance evaluations on an informal basis which provided the Board with valuable feedback for future development.

Further information on policies and procedures established to evaluate the performance of the Board are set out in the Director's Report under the section headed 'Remuneration Report'.

1.4.11 Attestations by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

In accordance with the Board's policy, the CEO and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing the Annual Report.

1.4.12 Risk Management Accountability

As part of the process of approving the financial statements, at each reporting date the CEO and other responsible senior executives provide statements in writing to the Board on the quality and effectiveness of the Company's risk management and internal compliance and control systems.

2. Board Committees

2.1 Audit, Risk and Compliance Committee (Full Board)

2.1.1 Role

The role of an Audit, Risk & Compliance Committee is to assist the Board in fulfilling its responsibilities in respect of establishing an oversight and management of risk within the Company.

2.1.2 Composition

Due to the size of the Company's operations, it does not have a Audit, Risk and Compliance Committee. It is deemed to be more efficient to have the full Board consider the areas of Audit, Risk and Compliance.

2.1.3 Responsibilities

The Audit Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements before submission to the Board and recommends their approval.

The Audit Committee also recommends to the Board the appointment of the external auditor each year, reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

The Audit Committee is also responsible for establishing policies on risk oversight and management.

2.2 Remuneration and Nomination Committee (Full Board)

2.2.1 Role

The role of a Remuneration and Nomination Committee ('Remuneration Committee') is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees and achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

2.2.2 Composition

Due to the size of the Company's operations, it does not have a Remuneration and Nomination Committee. It is deemed to be more efficient to have the full Board consider membership nominations and configuration.

2.2.3 Responsibilities

The Board's responsibilities include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive and making recommendations to the Board on any proposed changes and undertake a review of the CEO's performance, including, setting with the CEO goals for the coming year and reviewing progress in achieving those goals.

The Nomination duties include devising criteria for Board membership, regularly reviewing the structure of the Board and identifying specific individuals for nomination/removal as Directors for review by the Board. Further

responsibilities include overseeing management succession plans including the CEO and their direct reports and evaluation of the Board's performance.

2.2.4 Remuneration Policy

The Remuneration Report includes further details on the Company's remuneration policy and its relationship to the Company's performance last year. It also includes details of the remuneration of Directors and senior executives last year. Shareholders are invited to vote on the adoption of the report at the Company's annual general meeting.

2.2.4.1 Senior Executive Remuneration Policy

The Company is committed to remunerating its senior executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders. Under the senior executive remuneration policy, remuneration of senior executives may comprise of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in the share/option scheme with thresholds approved by shareholders; and
- statutory superannuation.

The Company aims to align the interests of senior executives with those of shareholders by remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration.

2.2.4.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company without prior shareholder approval.

Non-Executive Directors are entitled to but not necessarily paid statutory superannuation.

3. Interests of Stakeholders

3.1 Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This code includes the following:

Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Responsibilities to Clients, Customers and Consumers

The Company has an obligation to use its best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

Employment Practices

The Company endeavors to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws and strives to deal fairly with the Company's customers, suppliers and competitors and encourages its employees to strive to do the same.

Responsibilities to the Community and to Individuals

As part of the community the Company is committed to conducting its business in accordance with applicable environmental laws and regulations and supports community charities.

BKM MANAGEMENT LIMITED

The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of Interest

Directors and employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.

BKM MANAGEMENT LIMITED

Statement of Comprehensive Income for the year ended 30 June 2012

	Note	30-June-2012	30-June-2011
		\$	\$
Revenue		2,051,024	1,644,813
Other Revenue		6,072	15,272
Gross profit/(loss)	4	2,057,096	1,660,085
Corporate administration Expenses		(258,277)	(285,802)
Employment and Consulting Fees		(271,307)	(464,761)
Finance Costs		(80,571)	(128,218)
Impairment Expenses		(630,711)	(788,904)
Loss on Sale of Assets		(231)	(5,313)
Model and Talent Costs		(1,437,008)	(1,192,380)
Occupancy Costs		(70,645)	(82,564)
Profit/(loss) before tax		(691,654)	(1,287,857)
Income tax expense	6	-	-
Profit/(loss) for the year		(691,654)	(1,287,857)
Total comprehensive income / (expense) for the year		(691,654)	(1,287,857)
Profit/(loss) attributable to:			
Owners of the parent		(696,049)	(1,279,766)
Non-controlling interests		4,395	(8,091)
		(691,654)	(1,287,857)
Total comprehensive income /(expense) attributable to:			
Owners of the parent		(696,049)	(1,279,766)
Non-controlling interests		4,395	(8,091)
		(691,654)	(1,287,857)
Basic earnings per share (cents per share)	29	(0.09)	(0.21)
Diluted earnings per share (cents per share)	29	(0.09)	(0.21)

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 2012

	Note	30-June-2012	30-June-2011
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	306,319	367,811
Trade and other receivables	8	206,003	217,636
Other	9	2,236	10,547
Total current assets		514,558	595,994
Non-current assets			
Other financial assets	12	417,756	1,048,467
Plant and equipment	10	4,666	3,259
Intangibles	11	49,878	49,878
Total non-current assets		472,300	1,101,604
Total assets		986,858	1,697,598
Liabilities			
Current liabilities			
Trade and other payables	13	655,503	795,012
Borrowings	14	416,970	1,060,970
Employee Benefits	15	20,911	18,555
Total current liabilities		1,093,384	1,874,537
Non-current liabilities			
Borrowings	16	-	273,000
Employee Benefits	17	34,483	30,800
Total non-current liabilities		34,483	303,800
Total Liabilities	3	1,127,867	2,178,337
Net Liabilities		(141,009)	(480,739)
Equity and Liabilities			
Equity attributable to owners of the parent			
Issued capital	18	26,145,332	25,113,948
Retained profits		(26,281,347)	(25,585,298)
Parent entity interest		(136,015)	(471,350)
Non-controlling interest		(4,994)	(9,389)
Total equity		(141,009)	(480,739)

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 2012

Economic Entity	Share capital	Retained Earnings	Total	Non-controlling interests	Total
	\$	\$	\$	\$	\$
Balance as at 30 June 2010	24,743,400	(24,305,532)	437,868	(1,298)	436,570
Loss for the Period		(1,279,766)		(8,091)	(1,287,857)
Total comprehensive income for the period	-	(1,279,766)	(1,279,766)	(8,091)	(1,287,857)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued net of costs	370,548	-	370,548	-	370,548
Balance at 30 June 2011	25,113,948	(25,585,298)	(471,350)	(9,389)	(480,739)
Loss for the Period		(696,049)		4,395	(691,654)
Total comprehensive expense for the period	-	(696,049)	(696,049)	4,395	(691,654)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued net of costs	1,031,384	-	1,031,384	-	1,031,384
Balance at 30 June 2012	26,145,332	(26,281,347)	(136,015)	(4,994)	(141,009)

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 2012

	Note	30-June-2012	30-June-2011
		\$	\$
<i>Cash flows from operating activities</i>			
Receipts from customers		2,011,624	1,836,956
Payments to suppliers and employees		(2,070,288)	(2,040,324)
Interest received		4,894	6,949
Net cash flows used in operating activities	28	(53,770)	(196,419)
<i>Cash flows related to investing activities</i>			
Payment for purchases of plant and equipment		(2,727)	(2,500)
Proceeds from sales of equity investments		-	35,154
Net cash flows used in investing activities		(2,727)	32,654
<i>Cash flows related to financing activities</i>			
Proceeds from issues of securities		-	400,000
Capital raising costs		(4,995)	(29,452)
Proceeds from borrowings		-	14,752
Net cash flows from financing activities		(4,995)	385,300
Net increase/(decrease) in cash and cash equivalents		(61,492)	221,535
Cash and cash equivalents at the beginning of the year		367,811	146,276
Cash and cash equivalents at the end of the year	7	306,319	367,811

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

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements

Note 1: Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity.

There are a number of Australian Accounting Standards that have been issued or amended and which are applicable to the economic entity but are not yet effective, and have not been adopted in preparation of the financial statements at reporting date. Having considered each of the new reporting requirements, but without detailing same herein, the economic entity does not anticipate early adoption of any of such requirements and does not expect them to have any material effect on its future financial statements other than additional disclosure around financial instrument and minor changes in presentation.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Going concern

As at 30 June 2012, the consolidated entity incurred an operating loss of \$691,654 (2011:\$1,287,857), and net liabilities were \$141,009 (2011: net liabilities \$480,739), and current liabilities exceeded its current assets (working capital) by \$578,826 (2011: \$1,278,543). The consolidated entity's cash position has decreased to \$306,319 from \$367,811 at June 2011.

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 or convertible securities;
- The majority of the current borrowings of \$416,970 are unsecured convertible securities. The directors have agreement from the majority of convertible security holders which expire in the current financial year to convert to equity at \$0.006 per share;
- The trade and other payables balance as at 30 Jun 2012 contains accrued directors fees of \$25,060 (June 2011:\$161,627) and related party payables for director controlled entities of \$164,600 (June 2011: \$84,700). An undertaking has been provided to the consolidated entity by the directors that repayments of these amounts, and future director fees, will only be demanded in the event that the consolidated entity has sufficient cash flows available;

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 consolidate entity not be able to continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BKM Management Limited ('company' or 'parent entity') as at 30 June 2012 and the results of all subsidiaries and special purpose entities for the year then ended. BKM Management Limited, its subsidiaries and special purpose entities together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Special purpose entities ('SPEs') are those entities where the consolidated entity, in substance, controls the SPE so as to obtain the majority of benefits without having any ownership interest.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Sale of goods

Sale of goods revenue is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards to the customer and the cessation of all involvement in those goods. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services

Rendering of services revenue is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably.

Stage of completion is measured by reference to the services performed to date as a percentage of the total anticipated services to be performed. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at the end of each reporting period. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

On initial recognition the consolidated entity measures its financial assets at fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs on financial assets carried at fair value through profit or loss are expensed as incurred.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently carried at fair value, and are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal can not exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant and equipment	3-5 years
---------------------	-----------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Goodwill

Where an entity or operation is acquired in a business combination, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of the acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in current liabilities in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of BKM Management Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2: Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Going concern

These financial statements have been prepared on a going concern basis which is dependent on sourcing of additional finance and the consolidated entity having sufficient funds to meet its debts as and when they fall due. Should this assumption be incorrect the consolidated entity may not be able to continue as a going concern and the carrying amounts of assets and liabilities may need to be reclassified and adjusted accordingly.

Fair value and hierarchy of financial instruments

The consolidated entity is required to classify financial instruments, measured at fair value, using a three level hierarchy, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). An instrument is required to be classified in its entirety on the basis of the lowest level of valuation inputs that is significant to fair value. Considerable judgment is required to determine what is significant to fair value and therefore which category the financial instrument is placed in can be subjective.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 12 for the key assumptions employed in the fair value assessment.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

The key assumptions used in this determination are set out in Note 11.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 3: Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: modelling and investment. These operating segments are based on the 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 and profit before income tax and the accounting policies adopted for internal reporting to the CODM are consistent with those applied in the financial statements.

The information is reported to the CODM on at least a monthly basis.

Types of products and services

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

Modelling	Provision of management services to the modeling industry.
Investment	Investment in the oil industry in Singapore.

Intersegment transactions

Any intersegment transactions are at market rates and are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration to be received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

There were no significant customers in any reported segment that comprise greater than 10% of the segments aggregated revenues (2011: None)

During the current financial year the consolidate group generated profit from Australia and held assets out of Australia and Singapore.

Operating segment information

30-June-2012

	Modelling	Investment	Intersegment eliminations/unallocated	Consolidated
	\$	\$	\$	\$
Revenue				
Sales to external customers	2,046,130	-	-	2,046,130
Total Sales Revenue	2,046,130	-	-	2,046,130
Other Income	6,072	95,803	(90,909)	10,966
Total revenue	2,052,202	95,803	(90,909)	2,057,096
EBITDA	30,617	(640,379)	-	(609,762)
Depreciation and amortisation	(1,321)	-	-	(1,321)
Finance costs	-	(80,571)	-	(80,571)
Loss before income tax	29,296	(720,950)	-	(691,654)
Income tax expense	-	-	-	-
Net loss after tax	29,296	(720,950)	-	(691,654)
Assets				
Segment assets	437,370	909,736	(136,248)	1,210,858
Intersegment eliminations			(224,000)	(224,000)
Total Assets	437,370	909,736	(360,248)	986,858
Total assets includes:				
Acquisition of non-current assets	2,727	-		
Liabilities				
Segment liabilities	470,669	897,324	(16,126)	1,351,867
Intersegment eliminations			(224,000)	(224,000)
Total Liabilities	470,669	897,324	(240,126)	1,127,867

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30-June-2011				
	Modelling	Investment	Intersegment eliminations/unallocated	Consolidated
	\$	\$	\$	\$
Revenue				
Sales to external customers	1,637,864	-	-	1,637,864
Total Sales Revenue	1,637,864	-	-	1,637,864
Other Income	15,272	6,949	-	22,221
Total revenue	1,653,136	6,949	-	1,660,085
EBITDA	(53,432)	(1,105,698)	-	(1,159,130)
Depreciation and amortisation	(509)	-	-	(509)
Finance costs	-	(128,218)	-	(128,218)
Loss before income tax	(53,941)	(1,233,916)	-	(1,287,857)
Income tax expense	-	-	-	-
Net loss after tax	(53,941)	(1,233,916)	-	(1,287,857)
Assets				
Segment assets	343,105	1,615,999	(107,506)	1,851,598
Intersegment eliminations			(154,000)	(154,000)
Total Assets	343,105	1,615,999	(261,506)	1,697,598
Total assets includes:				
Acquisition of non-current assets	2,500	-	-	2,500
Liabilities				
Segment liabilities	405,701	1,914,020	12,616	2,332,337
Intersegment eliminations			(154,000)	(154,000)
Total Liabilities	405,701	1,914,020	(141,384)	2,178,337

Note 4: Revenue

	30-June-2012	30-June-2011
	\$	\$
Operating activities		
Agency Fee	2,046,130	1,637,864
Total operating revenue	2,046,130	1,637,864
Non-operating activities		
Interest Received	4,894	6,949
Other Revenue	6,072	15,272
Other non-operating activities	10,966	22,221
Total revenue	2,057,096	1,660,085

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 5: Expenses

	30-June-2012	30-June-2011
	\$	\$
<i>Depreciation</i>		
Plant and Equipment	1,321	509
<i>Finance costs</i>		
Convertible securities	80,571	128,218
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	62,023	70,653
<i>Superannuation expense</i>		
Defined contribution superannuation expense	27,684	27,909
<i>Employee benefits expense</i>		
Employee benefits expense	243,623	436,851

Note 6: Income tax expense

	30-June-2012	30-June-2011
	\$	\$
a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(691,654)	(1,287,857)
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2011: 30%)	(207,496)	(386,357)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Entertainment expenses	53	-
- Financial assets at fair value through profit or loss	189,213	236,671
- Capital raising costs	1,499	8,836
	<u>(16,732)</u>	<u>(140,850)</u>
Current year temporary differences not recognised	16,732	140,850
Income tax expense	-	-

Tax losses not recognised

Unused tax losses for which no deferred tax asset has been recognised	7,333,670	7,277,898
Potential tax benefit @ 30%	2,200,101	2,183,369

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Unused capital losses of \$5,180,812 (2011: \$5,180,812) have not been recognised.

The above potential tax benefit, which excludes tax losses has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7: Current Assets – cash and cash equivalents

	30-June-2012	30-June-2011
	\$	\$
Cash on Hand	16	320
Cash at Bank	306,303	367,491
	306,319	367,811

Note 8: Current Assets – trade and other receivables

	30-June-2012	30-June-2011
	\$	\$
<i>Current</i>		
Trade receivables	198,898	213,398
Provision for impairment of receivables	(8,640)	(9,774)
	190,258	203,624
Other receivables	15,745	14,012
	206,003	217,636

Impairment of receivables

The consolidated entity has not recognised an impairment loss in 2012 (2011: loss of \$2,870) in respect of impairment of receivables for the year ended 30 June 2012. The prior year impairment loss of \$2,870 was recognised in administration and corporate expenses in the statement of comprehensive income.

The ageing of the impaired receivables recognised above are as follows:

	30-June-2012	30-June-2011
	\$	\$
3 to 6 months overdue	8,640	9,774

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Movements in the provision for impairment of receivables are as follows:

	30-June-2012	30-June-2011
	\$	\$
Opening Balance	9,774	12,148
Additional Provision recognised	-	2,870
Receivables written off as uncollectable	(1,134)	(5,244)
Closing Balance	8,640	9,774

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$221,593 as at 30 June 2012 (\$200,192 as at 30 June 2011). The consolidated entity did not consider the aggregate balances to be impaired after reviewing agency credit information and credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	30-June-2012	30-June-2011
	\$	\$
1 to 30 days overdue	117,592	121,454
30 to 60 days overdue	25,926	32,847
60+ days overdue	78,075	45,891
Closing Balance	221,593	200,192

Refer to note 19 for detailed information on financial instruments.

Note 9: Current assets - other

	30-June-2012	30-June-2011
	\$	\$
<i>Current</i>		
BKM Management Prepayments	-	7,444
Scene Model Prepayments	2,236	3,103
	2,236	10,547

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 10: Non-current assets – plant & equipment

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

2011	Plant & Equipment at fair value \$	Total \$
Cost / fair value	52,235	52,235
Accumulated depreciation	(50,967)	(50,967)
Carry amount FY 2010	1,268	1,268
Balance at the beginning of year	1,268	1,268
Additions	2,500	2,500
Depreciation expense	(509)	(509)
Carrying amount FY 2011	3,259	3,259

2012	Plant & Equipment at fair value \$	Total \$
Cost / fair value	54,735	54,735
Accumulated depreciation	(51,476)	(51,476)
Carry amount FY 2011	3,259	3,259
Balance at the beginning of year	3,259	3,259
Additions	2,728	2,728
Depreciation expense	(1,321)	(1,321)
Carrying amount at the end of the year	4,666	4,666

Note 11: Non-current assets – intangibles

	30-June-2012 \$	30-June-2011 \$
Goodwill- at cost	483,776	483,776
Less: Impairment	(433,898)	(433,898)
Closing Balance	49,878	49,878

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	30-June-2012	30-June-2011
	\$	\$
Cost	483,776	483,776
Accumulated impairment loss	(433,898)	(433,898)
	49,878	49,878
Balance at beginning of the year	49,878	49,878
Adjustment on acquisition of a subsidiary	-	-
Impairment	-	-
Balance at the end of the year	49,878	49,878

Impairment testing

Goodwill is allocated to the following cash-generating units:

	30-June-2012	30-June-2011
	\$	\$
Modelling	49,878	49,878
Closing Balance	49,878	49,878

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years, together with a terminal value based upon a multiple of 5 (2011: 5).

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model:

- a. 16% (2011: 16%) pre-tax discount rate;
- b. 5% (2011: 5%) per annum projected revenue growth rate; and
- c. 3% (2011: 3%) per annum increase in operating costs and overheads.

No impairment has been recognised for the year ended 30 June 2012 (2011: \$Nil)

Sensitivity analysis

Management estimates that any reasonable changes in the key assumptions would not have a significant impact on the value-in-use of goodwill that would require the asset to be impaired.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 12: Non-current assets – financial assets at fair value through profit or loss

	30-June-2012	30-June-2011
	\$	\$
Shares in IGC Asia Pte Ltd (unlisted)	417,756	1,048,467
	<u>417,756</u>	<u>1,048,467</u>

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, based on a 2 year projection period approved by management and extrapolated for a further 3 years, together with a terminal value based upon a multiple of 5 (2011: 5).

The following key assumptions were used in the discounted cash flow model

- a. 16% (2011: 20%) pre-tax discount rate;
- b. 2% (2011: 2%) per annum projected revenue growth rate; and
- c. 3% (2011: 3%) per annum increase in operating costs and overheads.

Refer to note 19 for detailed information on financial instruments.

Note 13: Current liabilities – trade and other payables

	30-June-2012	30-June-2011
	\$	\$
<i>Current</i>		
Trade payables	257,208	291,152
Accrued Director Fees	25,060	161,627
Model Payments Unpresented	158,551	166,055
Other payables and accrued expenses	214,684	176,178
	<u>655,503</u>	<u>795,012</u>

Refer to note 19 for detailed information on financial instruments.

Note 14: Current liabilities – borrowings

	30-June-2012	30-June-2011
	\$	\$
<i>Current Liabilities</i>		
Bridging Advances	62,470	62,470
Convertible Notes	354,500	998,500
	<u>416,970</u>	<u>1,060,970</u>

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Convertible Notes FY 2012

Notes qty	Value per note	Date of Issue of Notes	Interest Rate	Issue price per share	Date of Conversion	Total Shares to be issued
143,000	\$1.00	09-Nov-10	10%	\$ 0.006	30/11/2012	28,743,653
120,000	\$1.00	01-Oct-10	10%	\$ 0.006	30/09/2012	24,000,000
91,500	\$1.00	01-Nov-10	10%	\$ 0.003	30/04/2013	39,156,071
<u>354,500</u>						

From the above, \$20,000 of Convertible Note principle and accrued interest to the 30th September 2012 are intended to be converted. The balance of \$100,000 will be rolled for a further 12 months period to 30th September 2013. In addition, \$143,000 Convertible Notes and its accrued interest, subject to shareholder approval, will be converted on 30th November 2012. Remaining Convertible Notes totaling \$91,500 will be converted on 30th April 2013.

Refer to note 19 for detailed information on financial instruments.

Note 15: Current liabilities – employee benefits

	30-June-2012	30-June-2011
	\$	\$
<i>Annual Leave</i>		
<i>Current</i>		
Employee entitlements: Annual Leave		
Opening balance at the beginning of the year	12,842	9,829
Additional provisions	7,452	10,860
Amounts used	(5,802)	(7,847)
Balance at the end of the year	14,492	12,842
Provision for Superannuation	6,419	5,713
Total Current Provision	20,911	18,555

Note 16: Non-current liabilities - borrowings

	30-June-2012	30-June-2011
	\$	\$
<i>Non-Current Liabilities</i>		
Convertible Notes Payable	-	273,000
	-	273,000

Refer to note 19 for detailed information on financial instruments.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 17: Non-current liabilities – employee benefits

	30-June-2012	30-June-2011
	\$	\$
Long Service Leave		
<i>Non Current</i>		
Employee entitlements: Long Service Leave		
Opening balance at the beginning of the year	30,800	24,939
Additional provisions	3,683	5,861
Balance at the end of the year	34,483	30,800

Note 18: Equity - contributed

	30-June-2012	30-June-2011
	\$	\$
Fully Paid Ordinary Shares	26,145,332	25,113,948
	813,387,549	640,657,733

Movements in Ordinary Share Capital

Details	Date	Issue Price	No of Shares	Total
		\$	Quantity	\$
Balance	30-Jun-10		583,514,875	24,743,400
Issue of Shares	21-Dec-10	0.007	57,142,858	400,000
Capital Raising Costs				(29,452)
Balance 30 June 2011			640,657,733	25,113,948
Issue Share- Conversion of Notes	30-Nov-11	0.006	172,729,816	1,036,379
Capital Raising Costs				(4,995)
Balance 30 June 2012			813,387,549	26,145,332

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.

BKM does not have a target debt/equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of new investment opportunities that may arise. The Company continues to pursue

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

its business objectives through both direct operations and strategic investments. The Company is also assessing a number of other new projects which may have a positive effect on the net assets of the Company.

The capital risk management policy remains unchanged from the 30 June 2011 Annual Report.

Note 19: Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analyses in the case of volatility in oil prices and foreign exchange rates and ageing analyses for credit risk in respect of investment portfolios to determine market risk.

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the consolidated entity's implementation of that system on a regular basis.

The exploration potential of the consolidated entity's projects and the economic viability of future developments are subject to the risk of movements in commodity prices, especially oil.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured by regular review of the consolidated entity's cash flows, monitoring the dollar amount and currencies that payments are anticipated to be paid in. The consolidated entity also considers the market fluctuations in relevant currencies to determine the level of exposure. If the level of exposure is considered by management to be high, then management has the authority to take steps to reduce the risk. Steps to reduce risk may include the acquisition of foreign currency ahead of the anticipated due date of payment or may include negotiations with suppliers to make payments in Australian dollars. If management determines that the consolidated entity should take out a hedge to reduce the foreign currency risk they would need to seek Board approval.

The consolidated entity currently does not hedge overseas payments or receivables.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2012	2011	2012	2011
	\$	\$	\$	\$
<i>Consolidated</i>				
Australian dollars	417,756	1,048,467	-	-

The consolidated entity had net assets denominated in foreign currencies as detailed above. Based on this exposure had the Australian dollar weakened by 10% / strengthened by 5% (2011: weakened by 10% / strengthened by 5%) against these foreign currencies with all other variables held constant the consolidated entities profit before tax for the year would have been \$37,211 lower \$21,542 higher (2011: \$104,847 lower / \$52,423 higher) and the equity would have been \$37,211 lower / \$21,542 higher (2011: \$104,847 lower / \$52,423 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on managements assessment of reasonable possible fluctuations.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Price risk

The consolidated entity is not exposed to any significant price risk directly, however its investment in IGC Asia Pte Ltd has a significant exposure to business risk.

Interest rate risk

The consolidated entity does not have a significant exposure to interest rate risk.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the end of the reporting period to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral. Credit risk also arises on cash deposits.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities

Financial Year 2012:

2012	Weighted average interest rate %	Fixed Interest		
		1 year or less	Between 1 and 2 years	Remaining contractual maturities
		\$	\$	\$
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables		257,208		257,208
Other payables		398,295		398,295
<i>Interest-bearing - fixed rate</i>				
Convertible note	10.00%	415,525		415,525
Bridging advance	10.00%	73,024		73,024
Total non-derivatives		1,144,052	-	1,144,052

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Financial Year 2011:

Financial Year 2011:				
2011	Weighted average interest rate %	Fixed Interest		
		1 year or less	Between 1 and 2 years	Remaining contractual maturities
		\$	\$	\$
Non-derivatives				
<i>Non-interest bearing</i>				
Trade payables		291,152		291,152
Other payables		503,860		503,860
<i>Interest-bearing - fixed rate</i>				
Convertible note	10.00%	1,065,225	286,650	1,351,875
Bridging advance	10.00%	65,594		65,594
Total non-derivatives		1,925,831	286,650	2,212,481

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated 2012

	Level 1 \$	Level 2 \$	Level 3 \$
<i>Assets</i>			
Financial assets at FVTPL	-	-	417,756
Total assets	-	-	417,756

Consolidated 2011

	Level 1 \$	Level 2 \$	Level 3 \$
<i>Assets</i>			
Financial assets at FVTPL	-	-	1,048,467
Total assets	-	-	1,048,467

There were no transfers between levels during the financial year.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Movements in level 3 financial instruments

Movements in level 3 financial instruments during the current and previous financial year are set out below:

Consolidated 2012

	Fair value through profit or loss	Total
	\$	\$
Balance at 1 July 2010	1,837,371	1,837,371
Fair value movement through profit or loss	(788,904)	(788,904)
Balance at 1 July 2011	1,048,467	1,048,467
Fair value movement through profit or loss	(630,711)	(630,711)
Balance at 30 June 2012	417,756	417,756

The total loss for the year included in profit or loss relating to level 3 assets held at the end of the year amounted to \$630,711 (2011: \$788,904)

Refer to Note 12 for details of the basis on which fair value was determined, and note that changing one or more inputs would not significantly change the fair value of level 3 financial instruments.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 20: Key management personnel disclosures

Directors

The following persons were directors of BKM Management Limited during the financial year:

Name	Position
Mr. Alvin Tan	Chairman
Mr. Evan McGregor	Non-Executive Director
Mr. Michael Sim	Non-Executive Director

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Name	Position
Mr. Phillip Hains	Company Secretary and Chief Financial Officer
Mr. Anthony Harden	State Manager- Western Australia

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2012	Balance at start of year	Received as compensation	Options exercised	Additions/ Disposal	Balance at the end of the year
Mr. Alvin Tan	11,600,000	-	-	-	11,600,000
* Mr. Evan McGregor	49,995,000	-	-	10,665,753	60,660,753
Mr. Michael Sim	1,866,902	-	-	-	1,866,902
	63,461,902	-	-	10,665,753	74,127,655
Mr. Phillip Hains	7,137,500	-	-	3,622,619	10,760,119
Mr. Anthony Harden	2,000,000	-	-	-	2,000,000
TOTAL	9,137,500	-	-	3,622,619	12,760,119
TOTAL	72,599,402	-	-	14,288,372	86,887,774

*Additions represents issue of shares due to conversion of convertible notes as approved in resolution 9 of the Annual General Meeting held on 25th November 2011.

2011	Balance at start of year	Received as compensation	Options exercised	Additions/ Disposal	Balance at the end of the year
Mr. Alvin Tan	11,600,000	-	-	-	11,600,000
Mr. Evan McGregor	49,995,000	-	-	-	49,995,000
** Mr. Michael Sim	-	-	-	1,866,902	1,866,902
	61,595,000	-	-	1,866,902	63,461,902
Mr. Phillip Hains	7,137,500	-	-	-	7,137,500
Mr. Anthony Harden	2,000,000	-	-	-	2,000,000
	9,137,500	-	-	-	9,137,500
TOTAL	70,732,500	-	-	1,866,902	72,599,402

**Additions represents Michael Sim becoming a key management personnel on his reappointment to the Board on 1 October 2010.

Option holding

No key management personnel, including their personally related entities, held options during 2012 or 2011.

Transaction with Key Management Personnel

Key Management personnel transactions are set out in note 24.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 21: Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck Audit VIC Pty Ltd, the auditor of the company, and its related practices:

	30-June-2012	30-June-2011
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Audit services <i>William Buck Audit (VIC Pty Ltd)</i>	32,792	27,000
Total Remuneration for Auditor	32,792	27,000

Note 22: Contingent liabilities

There were no contingent liabilities at 30 June 2012 and 30 June 2011.

Note 23: Commitments for expenditure

	30-June-2012	30-June-2011
	\$	\$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 12 months	72,975	50,433
- between 12 months and 5 years	47,232	71,571
	120,207	122,004

The consolidated entity has two non-cancellable leases with terms varying between one and three years. The lease agreements provide for regular increases based either on CPI or market reviews.

Note 24: Related party transactions

Parent entity

BKM Management Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 26.

Key management personnel

Disclosures relating to key management personnel are set out in note 20 and the remuneration report in the directors' report.

Transactions with key management personnel

The following transactions occurred with related parties:

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	30-June-2012	30-June-2011
	\$	\$
Payment for other expenses:		
Interest on convertible notes to Innovation Marketing and Finance Pty Ltd (a company in which Evan McGregor is a director)	-	8,992
Interest on convertible notes to Michael Sim	-	8,500
Share registry services to Advanced Share Registry	7,893	6,293
(as Company in which Alvin Tan is a director)		

Michael Sim is a director of IGC Asia Pte Ltd ('IGC'). The consolidated entity's total shareholding represents 26.5% of the issued share capital of IGC. In line with accounting rules the consolidated entity continues to account for the investment at fair value through profit or loss. The remaining 73.5% of the issued capital of IGC is owned by a Singapore based company CBS Ventures Pte Ltd ('CBS'). CBS is a substantial shareholder of the consolidated entity.

Significant influence

As at 30 June 2012 the Directors have determined that BKM Management Ltd's investment in IGC is not sufficient to meet the requirements of a significant influence required under the Company's accounting policy for investments in Associate companies, principally due to the Company's present power to participate in its financial and operating policy decisions, such that 60% voting power is required. Accordingly, this unlisted equity investment has been carried at fair value.

Receivable from and payable to related parties

There were no trade receivables from related parties. The trade and other payables balance as at 30 Jun 2012 contains accrued directors fees of \$25,060 (June 2011:\$161,627) and related party payables for director controlled entities of \$164,600 (June 2011: \$84,700).

Loans to/from related parties

The following balances are outstanding at the end of the reporting period in relation to loans with related parties:

	30-June-2012	30-June-2011
	\$	\$
Current borrowings:		
Convertible notes to Michael Sim	91,500	91,500
Accrued interest (on above convertible notes)	16,582	6,067
Convertible notes to Innovation Marketing and Finance Pty Ltd (a company which Evan McGregor is a Director) ¹	-	60,000
Accrued interest (on above convertible notes)	-	4,488

- On 30 November 2011 10,665,753 shares were issued at \$0.006 to Innovation Marketing and Finance Pty Ltd on conversion of convertible notes totalling \$60,000 and accrued interest thereon of \$3,994.52 for a total issue price of \$63,994.52.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 25: Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	30-June-2012	30-June-2011
	\$	\$
Income Statement		
Loss after income tax	(720,950)	(1,233,915)
Total Profit	(720,950)	(1,233,915)

Statement of financial position

	30-June-2012	30-June-2011
	\$	\$
Statement of Financial Position		
<u>Assets</u>		
Non-current assets	587,756	1,218,467
Current Assets	321,980	388,532
Total Assets	909,736	1,606,999
<u>Liabilities</u>		
Non-current liabilities	354,500	1,271,500
Current liabilities	542,824	633,520
Total Liabilities	897,324	1,905,020
Net Assets	12,412	(298,021)
<u>Equity</u>		
Issued capital	26,145,331	25,113,947
Retained earnings	(26,132,919)	(25,411,968)
Total equity	12,412	(298,021)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2012 and 30 June 2011.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment in the separate financial statements of BKM Management Limited.

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 26: Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1 :

	Country of Incorporation	Percentage Owned (%)*	
		30-June-2012	30-June-2011
Parent Entity:			
Subsidiaries of BKM Management Limited:			
Elite Models (Aust) Pty Ltd	Australia	100%	100%
Scene Model Management Pty Ltd	Australia	85%	85%

* Percentage of voting power is in proportion to ownership

Note 27: Events occurring after the reporting date

No matters or circumstances has arisen since 30 June 2012 that have a significant affect, 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.

Note 28: Reconciliation of loss after income tax to net cash used in operating activities

	30-June-2012	30-June-2011
	\$	\$
Reconciliation of cash flow from operations with loss after income tax		
Loss for the period	(691,654)	(1,287,857)
Add back depreciation expense	1,321	509
Add back impairment of asset	630,711	788,904
Add back profit or loss on sale of asset	-	5,313
Add back interest on borrowings	80,571	128,218
(Increases)/Decreases in Accounts Receivable	11,633	20,034
(Increases)/Decreases in Other Current Assets	8,311	(6,045)
Increases/(Decreases) in Accounts Payable	(100,702)	144,605
Increases/(Decreases) in Other Current Liabilities	6,039	9,900
Cash flow from operations	(53,770)	(196,419)

BKM MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Note 29: Earnings per share

	30-June-2012	30-June-2011
	\$	\$
Reconciliation of earnings to profit/loss		
Net loss attributable to ordinary equity holders of the parent	(691,654)	(1,287,857)
Add back loss attributable to non-controlling interests	(4,395)	8,091
Earnings used to calculate basic EPS	(696,049)	(1,279,766)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	741,456,228	613,573,584
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	741,456,228	613,573,584
* - Includes instruments with dilutive impact on EPS only		
	Cents	Cents
Basic earnings/loss per share	(0.09)	(0.21)
Diluted earnings/loss per share	(0.09)	(0.21)

Note 30: Other

The financial report was authorised for issue, in accordance with a resolution of directors, on 28 September 2012.
The directors have the power to amend and reissue the financial report.

Director's Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Alvin Tan
Chairman

28th September 2012

Auditor's Report



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

Report on the Financial Report

We have audited the accompanying financial report of BKM Management Limited (the Company), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independence

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

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Melbourne: Level 20, 181 William Street, Melbourne VIC 3000 | Hawthorn: 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.

Praxity
MEMBER
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS



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

Basis for Qualified Opinion

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 30 June 2012. We were unable to satisfy ourselves in respect of the carrying amount of BKM Management Limited's investment in IGC Asia Pte Ltd. We note the company agrees the fair value of the investment has declined and accordingly there was an impairment to the value of the investment by \$630,711 for the year ended 30 June 2012. This impairment reflects a revised operating model and a reduced level of activity. Consequently, we were unable to determine whether any further adjustments to the investment value were necessary.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, the financial position of BKM Management Limited as at 30 June 2012, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Emphasis of Matter

Without further qualification to the opinion expressed above, we draw attention to Note 1 to the financial report, which indicates the consolidated entity incurred a net loss of \$691,654 (2011: \$1,287,857), current liabilities exceeded the current assets (working capital) by \$578,826 (2011: \$1,278,543) and there were consolidated net cash outflows from operating activities of \$53,770 (2011 \$196,419) during the year ended 30 June 2012. These conditions, along with the other matters as set forth in Note 1, indicate the existence of a 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 9 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of BKM Management Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.



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

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of BKM Management Limited for the year ended 30 June 2012 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 report refers only to the 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 financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

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

J.C. Luckins

J.C. Luckins
Director

Dated this 28th day of September, 2012

BKM MANAGEMENT LIMITED

Shareholder Information

The shareholder information set out below was applicable as at 6th September 2012

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Share Spread			
Range	Holders	Units	Percentage
1 – 1,000	394	207,343	0.03%
1,001 – 5,000	431	1,239,456	0.15%
5,001 – 10,000	194	1,594,451	0.20%
10,001 – 100,000	419	14,424,306	1.77%
> 100,000	206	795,921,993	97.85%
TOTAL	1,644	813,387,549	100.00%

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Shareholder	Units	% of units
Brooklyn International Inc	154,784,838	19.03
CBS Ventures Pte Ltd	101,400,000	12.47
NERAC Capital Holdings Ltd	56,421,918	6.94
Innovation Marketing & Finance Pty- Super Fund A/C	49,900,000	6.13
Slade Technologies Pty Ltd- Embrey Family Superfund A/C	44,000,000	5.41
Coastal Inc	28,469,178	3.50
JP Morgan Nominees Australia- Cash Income A/C	24,051,236	2.96
Medan Financial Ltd	15,000,000	1.84
Trayburn Pty Ltd	14,663,972	1.80
Cudgen Superannuation Services Pty Ltd	14,400,000	1.77
UOB Kay Hian Private Ltd- Clients A/C	13,749,214	1.69
Northbridge Business Services Pty Ltd	11,300,000	1.39
Innovation Marketing and Finance Pty Ltd	10,665,753	1.31
Cudgen Superannuation Services Pty Ltd	10,600,000	1.30
ONG SAU YIN	10,000,000	1.23
Tan Chiew Koon	10,000,000	1.23
Slade Technologies Pty Ltd- Embrey Family s/Fund A/C	10,000,000	1.23
AT Growth Equities SND BHD	9,200,000	1.13
Shared Office Services Pty Ltd- Philanne Super Fund A/C	7,137,500	0.88
Essential Consulting & Business Services Pty Ltd	7,110,502	0.87

Unquoted equity securities

There are no unquoted equity securities.

BKM MANAGEMENT LIMITED

Substantial holders

Substantial holders in the company are set out below:

Holder	Shareholding	% of total shares issued
Slade Technologies Pty Ltd	54,000,000	6.64
Nerac Capital Holdings Ltd	58,474,658	7.19
Innovation Marketing & Finance Pty Ltd	60,660,753	7.44
CBS Ventures Pte Ltd	101,400,000	12.47
Brooklyn International	154,784,838	19.03

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.