BKM Management Limited

ABN 61 009 146 543

Annual report
for the year ended 30 June 2016

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Annual report - 30 June 2016

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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 2016.

Directors

The following persons were directors of BKM Management Limited during the financial year and up to the date of this report. Directors were in office for the entire period unless otherwise stated.

Mr Alvin Tan, Chairman
Mr Evan McGregor, Non-Executive Director
Mr Benjamin Song Young Hua, Non-Executive Director

Principal activities

During the year the principal continuing activities of the group consisted of:

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

There has been no significant changes in the nature of those principal activities during the financial year.

Dividends

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

Review of operations

BKM Management Limited (BKM), has reported a loss for the full year of $309,717, which is slightly higher than the previous period. Revenue slipped almost 15%, as market conditions for BKM’s modelling business, Scene Model Management (Scene), continued to be challenging with digital marketing and online media eroding the traditional business.

This trend is expected to be in evidence again for the foreseeable future. The board of BKM and the management of Scene, have been examining ways to better position the business in this enhanced digital and social media oriented business environment.

Despite this, the board wishes to acknowledge the dedication and hard work put in by Scene’s management team, who have done very well given the market conditions.
Although revenue was down overall, the board has been able to exercise further restraint over costs for the Company, with corporate and overhead costs declining appreciably by approximately $165,000

During the year, some $141,500 was raised through an Share Purchase Plan (SPP), and we wish to thank those shareholders who participated in a tough market.

At the Corporate level, the board has been actively working with the management team at IGC Asia (IGC, an investment of BKM Management) at their request to identify additional investment opportunities in the primary industry and resource sectors.

Review of operations (continued)

The principals of IGC have flagged their intention to involve BKM Management to a greater extent in IGC's asset selection and due diligence process. IGC is based in Singapore, and is ideally placed to source and deliver quality assets in the South East Asian region. With IGC's on the ground knowledge and expertise, combined with BKM's corporate experience, your board is looking forward to being involved in some revenue generating projects in the years ahead. As highlighted in previous reports to shareholders, the focus is primarily on revenue generating assets in the agricultural sector in Asia.

IGC has informed the BKM board that the investment structure for any assets to be acquired will most likely involve an Australian incorporated special purpose vehicle, and will require the board to utilize its experience and professional relationships to assist in implementation.

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

There have not been any matters or circumstances that have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of BKM Management Limited, the results of those operations or the state of affairs of BKM Management Limited in future financial years.

Business strategy and future developments

The consolidated entity continues to look towards growth opportunities in various sectors, particularly in the energy sector as well as resource sector in general.

The consolidated entity has been rebuilding its capital base as well as securing a stable and supportive shareholder base, which will allow the consolidated entity in future to look towards leveraging its strong relationships in Asia and connections in the energy and resource sector.

With respect to the Scene Models business, the rebuilding of the Melbourne branch has begun and steps are being taken to re-establish a Sydney footprint once again, to bring Scene back as a National business in Australia. On this strength, management has plans to utilize its links with Asia to expand opportunities for its modeling client base.

Environmental regulation

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

Information on directors

Mr. Alvin Tan *Director*		
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.	
Qualifications	Bachelor of Commerce (with honors)	
Former directorships in last 3 years	Mr Tan is also a director of South Pacific Resources Limited (formally Coral Sea Petroleum since 2000) and Advanced Share Registry Limited (since 2007).	
Committees	Audit Committee Chairman	
Interests in shares and options	Shares	11,600,000 Ordinary Shares
	Options	Nil

Mr. Evan McGregor *Non-Executive Director*		
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.	
Qualifications	B.Sc and B.Econ	
Former directorships in last 3 years	Non-Executive director of Stargroup Limited (ASX:STL) as of 25 August 2016	
Committees	Audit Committee Member	
Interests in shares and options	Shares	60,660,753 Ordinary Shares
	Options	Nil

Information on directors (continued)

Mr. Benjamin Song Young Hua *Non-Executive Director*		
Experience and expertise	Mr Song has more than 13 years of experience in managing and running companies. He had worked in a consultancy firm where he handled many projects. From 2006 to 2009, Benjamin was a director and a manager of FX1 Capital Pte Ltd, where he managed funds for high net worth clients. He now sits on board with a property developing company, Bakken Development LLC developing projects in North Dakota. Benjamin is also involved in commodity trading including Gold, Oil, Coal and other precious metals since 2009, working with both buyers and sellers in the international arena.	
Qualifications	Degree in Civil and Structural engineering (with honors)	
Former directorships in last 3 years	None.	
Committees	Audit Committee Member	
Interests in shares and options	Shares	Nil
	Options	Nil

Mr. Phillip Hains *Company Secretary*		
Experience and expertise	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.	
Qualifications	Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.	
Committees	N/A	
Interests in shares and options	Share	10,858,315 Ordinary Shares
	Options	Nil

Meetings of directors

The number of meetings of the company's Board of Directors held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board		**Audit Committee**	
	Held	**Attended**	**Held**	**Attended**
Alvin Tan	7	7	6	6
Evan McGregor	7	7	6	6
Benjamin Song Young Hua	7	7	6	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
E Additional information
F Additional disclosures relating to key management personal

(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 at a level that is consistent with industry standards rather than company performance. Director remuneration takes into account the risk and liabilities assumed by the Directors and Executives as a result of their involvement in the speculative activities undertaken by the company.

The current non-executive director pool allocation is being considered by the board at the next annual general meeting.

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. Accordingly the consolidated entity has yet to establish a performance based remuneration policy.

Performance based remuneration 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.

The consolidated entity uses a variety of KPl'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 (2015: Nil).

Remuneration report (audited) (continued)

(B) Details 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

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

	Short-term benefits			Post-employment benefits	Long-term benefits	
2016	**Cash salary and fees**	**Bonus**	**Non-monetary**	**Superannuation**	**Long service leave**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Directors:						
Alvin Tan	41,750	-	-	-	-	41,750
Evan McGregor	36,000	-	-	-	-	36,000
Benjamin Song Young Hua	-	-	-	-	-	-
Other key management personnel:						
Anthony Harden	70,000	-	-	6,637	1,167	77,804
Total	**147,750**	**-**	**-**	**6,637**	**1,167**	**155,554**

	Short-term benefits			Post-employment benefits	Long-term benefits	
2015	**Cash salary and fees**	**Bonus**	**Non-monetary**	**Superannuation**	**Long service leave**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Directors:						
Alvin Tan	36,000	-	-	-	-	36,000
Evan McGregor	36,000	-	-	-	-	36,000
Benjamin Song Young Hua	-	-	-	-	-	-
Other key management personnel:						
Anthony Harden	70,000	-	-	6,650	1,164	77,814
Total	**142,000**	**-**	**-**	**6,650**	**1,164**	**149,814**

Remuneration report (audited) (continued)

(C) Service agreements

Name:	Anthony Harden
Title:	State manager
Agreement commenced:	2002
Term of agreement:	Standard rolling agreement (no fixed term)
Details:	Base salary for the year ending 30 June 2016 of $70,000 plus superannuation to be reviewed annually by the Board. 3 month termination notice by either party.

(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 2016.

Options
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 2016.

(E) Additional information

The earning of the consolidated entity for the five years to 30 June 2016 are summarised below:

	30-Jun-2016	30-Jun-2015	30-Jun-2014	30-Jun-2013	30-Jun-2012
Sales revenue	1,209,208	1,424,547	1,355,757	1,354,468	2,046,130
Profit/(loss) before income tax	(309,717)	(261,329)	(386,916)	(498,674)	(691,654)
Profit/(loss) after income tax	(309,717)	(261,329)	(386,916)	(498,674)	(691,654)

The consolidated entity envisages its performance in terms of earnings will remain negative whilst the consolidated entity continues to focus on the acquisition of new investment opportunities and streamlining or enhancing the existing investments held. Accordingly there was no performance based remuneration paid during the financial year.

No dividends have been paid for the five years to 30 June 2016

	30-Jun-2016	30-Jun-2015	30-Jun-2014	30-Jun-2013	30-Jun-2012
Share price at financial year end	0.001	0.001	0.001	0.002	0.003
Total dividends declared (cents)	-	-	-	-	-
Basic loss per share (cents)	(0.023)	(0.021)	(0.034)	(0.053)	(0.023)

(F) Additional disclosures relating to key management personnel

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:

Remuneration report (audited) (continued)

(F) Additional disclosures relating to key management personnel (continued)

2015	Balance at start of year	Received as compensation	Options exercised	Additions/ disposals	Balance at the end of the year
Mr Alvin Tan	11,600,000	-	-	-	11,600,000
Mr Evan McGregor	60,660,753	-	-	-	60,660,753
Mr Benjamin Song Young Hua	-	-	-	-	-
Total	72,260,753	-	-	-	72,260,753
Mr Anthony Harden	2,000,000	-	-	-	2,000,000
Total	2,000,000	-	-	-	2,000,000
Grand total	74,260,753	-	-	-	74,260,753

Option holding
No key management personnel, including their personally related entities, held options during 2016 or 2015.

Other transactions with Directors and other key management personnel

Transactions with key management personnel
The following transactions occurred with related parties:

	30-June-2016	30-June-2015	30-June-2014
Payment for other expenses:			
Share registry services to advanced share registry (as company in which Alvin Tan is a director).	5,855	5,447	6,184

Receivable from and payable to related parties
There were no trade receivables from related parties. The trade and other payables balance as at 30 June 2016 contains accrued directors fees of $69,060 (2015:$69,060) and related party payables for director controlled entities of $117,650 (2015: $124,850).

Loans to/ from related parties
There were no balances outstanding at the end of the reporting period in relation to loans with related parties.

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

This concludes the remuneration report, which has been audited.

Shares under option

There were no options outstanding as at 30 June 2016.

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 2016.

Insurance of officers and indemnities

(a) 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.

Insurance of officers and indemnities (continued)

(a) Insurance of officers (continued)

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.

(b) Indemnity of auditors

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.

Rounding of amounts

The company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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.

Mr Alvin Tan
Director
Melbourne

29th September 2016

William Buck

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 2016 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
Director

Dated this 29th day of September 2016

CHARTERED ACCOUNTANTS & ADVISORS

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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's website.

Principle 1: Lay solid foundations for management and oversight

Role of the board and management
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.

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.

Principle 1: Lay solid foundations for management and oversight (continued)

(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.

Board appointments
The company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing.

The Company Secretary
The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing.

Diversity
The company values the differences between its personnel and the valuable contribution that these differences can make to the company. The company has not set any gender specific diversity targets as the company is an equal opportunity employer that aims to recruit staff from as diverse a pool of qualified candidates as reasonably possible based on their skills, qualifications and experience. Executives, employees and consultants are engaged by the company based on the right person for the job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability or appearance.

The following table demonstrates the company's gender diversity as at the date of this report:

	Number of Males	**Number of Females**
Directors	3	-
Key management personnel	1	-
Other company employees/ consultants	2	-

Performance review
A 'Performance Evaluation Policy' has been established to evaluate the performance of the KMP, 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 and KMP with valuable feedback for future development.

Principle 1: Lay solid foundations for management and oversight (continued)

Independent 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.

Principle 2: Structure the board to add value

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 determines whether a director is independent in accordance with the independence guidelines set out in the ASX Governance Recommendations. The Board consists of a majority of independent directors. Alvin Tan (Chairman), Evan McGregor and Benjamin Song are all considered to be independent.

The Board is responsible for the nomination and selection of directors. Due to the size of the Board and the company and the scope of the company's operations, it is deemed appropriate for the Board to act as the Remuneration and Nomination Committee. 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.

Directors are appointed based on the specific skills required to effectively govern the company. The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board has a skills matrix covering the competencies and experience of each member. When the need for a new director is identified, the required experience and competencies of the new director are defined in the context of this matrix and any gaps that may exist.

Induction of new Directors and ongoing development
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

Principle 2: Structure the board to add value (continued)

- 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.

Principle 3: Promote ethical and responsible decision making

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.

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.

Principle 3: Promote ethical and responsible decision making (continued)

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.

Principle 4: Safeguard integrity in corporate reporting

Audit committee
Due to the size of the Board and the company and the scope of the company's operations, it is deemed to be more efficient to have the full Board act as the Audit, Risk and Compliance Committee (Audit Committee) rather than establishing a separate Committee. As a result the Board performs the roles of the Audit Committee as set out in the Audit Committee Charter.

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

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.

As the Board acts as the Audit Committee, the Audit Committee does not meet all of the Council’s composition recommendations.

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

CEO and CFO declarations
The CEO and CFO have provided the Board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External auditor
The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

Principle 5: Make timely and balanced disclosures

The company is committed to ensuring all investors have equal and timely access to material information concerning the company.

The Board has designated the Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with ASX Listing Rules, the company immediately notifies the ASX of information concerning the company:

(1) That a reasonable person would or may 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 information disclosed will be factual and presented in a clear and balanced way that allows investors to assess the impact of the information when making investment decisions.

Principle 6: Respect the rights of shareholders

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

- communicating effectively with shareholders through releases to the market via ASX, the company website, information mailed to shareholders, annual and half-year financial statements and the general meetings of the company;
- giving shareholders ready access to balanced and understandable information about the company and corporate proposals; and
- making it easy for shareholders to participate in general meetings of the company.

The company also makes available a telephone number and email address for shareholders to make enquiries of the company. These contact details are available on company ASX announcements and on the company's website.

Principle 7: Recognise and manage risk

The Board has established a policy for risk oversight and management within the company. This is periodically reviewed and updated. Management reports to the Board on the effectiveness of the company's management of its material business risks. In addition, the Board undertakes a review of all major activities to asses risk and the effectiveness of strategies implemented to manage risk. During the reporting period, management has reported to the Board as to the effectiveness of the company's management of its material business risks. The company does not have an internal audit function.

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.

The company faces risks inherent to its business, including economic risks, which may materially impact the company's ability to create or preserve value for security holders over the short, medium or long term. The company has in place policies and procedures, including a risk management framework (as described in the company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the company currently has any material exposure to environmental or social sustainability risks.

Principle 8: Remunerate fairly and responsibly

Remuneration committee
Due to the size of the Board and the company and the scope of the company's operations, it is deemed appropriate for the Board to act as the Remuneration and Nomination Committee. As a result the Board performs the obligations of the Remuneration and Nomination Committee as set out in the committees charter.

The role of a Remuneration and Nomination Committee ('Remuneration Committee') is to fulfil 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.

The Committee'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.

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

Participants in any equity based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the company's securities to any other person.

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.

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.

BKM Management Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2016

		Consolidated entity	
		Year ended	
		30 June 2016	30 June 2015
	Notes	**$**	$
Revenue	4	**1,217,601**	1,430,008
Model and talent costs		**(869,071)**	(981,747)
Corporate administration expenses	5	**(205,339)**	(217,573)
Employment and consulting fees	5	**(377,390)**	(394,545)
Finance costs		**(9,000)**	(8,883)
Occupancy costs		**(66,518)**	(88,589)
Operating loss		**(309,717)**	(261,329)
Loss before income tax		**(309,717)**	(261,329)
Income tax expense	6	**-**	-
Loss for the period		**(309,717)**	(261,329)
Other comprehensive income for the period, net of tax		**-**	-
Total comprehensive loss for the period		**(309,717)**	(261,329)
Loss is attributable to:			
Owners of BKM Management Limited		**(298,606)**	(257,902)
Non-controlling interests		**(11,111)**	(3,427)
		(309,717)	(261,329)
Total comprehensive loss for the period is attributable to:			
Owners of BKM Management Limited		**(298,606)**	(257,902)
Non-controlling interests		**(11,111)**	(3,427)
		(309,717)	(261,329)
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	28	**(0.023)**	(0.021)
Diluted earnings per share	28	**(0.023)**	(0.021)

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

BKM Management Limited
Consolidated statement of financial position
As at 30 June 2016

	Notes	Consolidated entity 30 June 2016 $	30 June 2015 $
ASSETS			
Current assets			
Cash and cash equivalents	7	**305,763**	261,707
Trade and other receivables	8	**78,157**	141,194
Prepayments	9	**1,873**	1,352
		385,793	404,253
Total current assets		**385,793**	404,253
Non-current assets			
Other financial assets	12	**417,756**	417,756
Property, plant and equipment	10	**-**	1,235
Intangible assets	11	**49,878**	49,878
Total non-current assets		**467,634**	468,869
Total assets		**853,427**	873,122
LIABILITIES			
Current liabilities			
Trade and other payables	13	**696,713**	719,016
Borrowings	14	**95,039**	95,039
Employee benefit obligations	15	**18,538**	19,438
		810,290	833,493
Total current liabilities		**810,290**	833,493
Non-current liabilities			
Employee benefit obligations	16	**36,479**	33,682
Total non-current liabilities		**36,479**	33,682
Total liabilities		**846,769**	867,175
Net assets		**6,658**	5,947
EQUITY			
Share capital		**27,782,040**	27,471,612
Retained earnings		**(27,716,448)**	(27,417,842)
Parent entity interest		**65,592**	53,770
Non-controlling interests	25(b)	**(58,934)**	(47,823)
Total equity		**6,658**	5,947

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

BKM Management Limited
Consolidated statement of changes in equity
For the year ended 30 June 2016

Consolidated entity	Attributable to owners of BKM Management Limited Share capital $	 Retained earnings $	Non- controlling interests $	Total equity $
Balance at 1 July 2014	27,471,612	(27,159,940)	(44,396)	267,276
Profit (loss) for the period	-	(257,902)	(3,427)	(261,329)
Total comprehensive loss for the period	**-**	**(257,902)**	**(3,427)**	**(261,329)**
Balance at 30 June 2015	**27,471,612**	**(27,417,842)**	**(47,823)**	**5,947**
Balance at 1 July 2015	27,471,612	(27,417,842)	(47,823)	5,947
Profit (loss) for the period	-	(298,606)	(11,111)	(309,717)
Total comprehensive loss for the period	**-**	**(298,606)**	**(11,111)**	**(309,717)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	310,428	-	-	310,428
Balance at 30 June 2016	**27,782,040**	**(27,716,448)**	**(58,934)**	**6,658**

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

BKM Management Limited
Consolidated statement of cash flows
For the year ended 30 June 2016

	Notes	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Cash flows from operating activities			
Receipts from customers		**1,258,110**	1,383,708
Payments to suppliers and employees		**(1,517,703)**	(1,643,748)
Interest received		**2,221**	5,461
Net cash (outflow) from operating activities	27	**(257,372)**	(254,579)
Net cash inflow (outflow) from investing activities		**-**	-
Cash flows from financing activities			
Proceeds from issues of shares		**321,500**	-
Capital raising costs		**(11,072)**	-
Repayment of borrowings		**(9,000)**	-
Net cash inflow from financing activities		**301,428**	-
Net increase (decrease) in cash and cash equivalents		**44,056**	(254,579)
Cash and cash equivalents at the beginning of the financial year		**261,707**	516,286
Cash and cash equivalents at end of period	7	**305,763**	261,707

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

1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the group consisting of BKM Management Limited and its subsidiaries.

(a) Going concern

As at 30 June 2016, the consolidated entity incurred an operating loss of $309,717 (2015: $261,329) and net assets were $6,658 (2015: net assets $5,947). The consolidated entity's cash position has increased to $305,763 from $261,707 at 30 June.

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

- The trade and other payables balance as at 30 June 2016 contains accrued directors fees of $69,060 (2015:$ 69,060), substantial creditors and related party payables for director controlled entities of $266,166 (2015: $272,876). These amounts are subject to an undertaking which has been provided to the consolidated entity by the directors that repayments of these amounts, and future director fees, will not be demanded unless the consolidated entity has sufficient cash flows available;
- The consolidated entity has the ability to scale down its operations sufficiently should the above not occur.
- The Directors have the capacity to issue additional securities without shareholder approval through private placement,

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.

(b) 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').

The Company's preliminary financial report does not include all the notes of the type normally include in an annual financial report. The preliminary financial report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements of Australian Accounting Standards and Interpretations and the Corporations Act 2001.

The financial statements were authorised for issue on 29th September 2016 by the directors of the company.

(c) Parent entity financial 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 24.

(d) 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 2016 and the results of all subsidiaries for the year then ended. BKM Management Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

1 Summary of significant accounting policies (continued)

(d) Principles of consolidation (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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.

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 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. 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.

(e) 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.

(f) 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.

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.

(g) 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.

1 Summary of significant accounting policies (continued)

(g) Income tax (continued)

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.

(h) 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.

(i) Trade 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.

(j) 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 unlisted investments are determined 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.

(k) 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 plant and equipment over their expected useful lives as follows:

Plant and equipment	3-5 years

1 Summary of significant accounting policies (continued)

(k) Plant and equipment (continued)

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.

(l) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement.

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.

(m) 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 the carrying amount may exceed the recoverable amount, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

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 goodwill belongs.

(n) 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.

(o) 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.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss. It is expected that the balance of the convertible notes expiring during the next twelve may be redeemed and converted into equity.

(p) Finance costs

Finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

1 Summary of significant accounting policies (continued)

(q) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, annual leave and long service leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised 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.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits and 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 of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Defined contribution superannuation expense

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

(r) Issued capital

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.

(s) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

(t) Earnings per share

(i) 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.

1 Summary of significant accounting policies (continued)

(t) Earnings per share (continued)

(ii) 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.

(u) Goods and Services Tax (GST)

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.

1 Summary of significant accounting policies (continued)

(v) New and amended standards adopted by the group

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current year. The adoption of these standards and interpretations did not have any significant impact on the financial performance or position of the Company.

(w) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

The standard is applicable for accounting periods beginning on or after 1 January 2018.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15:

- replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations;
- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time;
- provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing); and
- expands and improves disclosures about revenue.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

The standard is applicable for accounting periods beginning on or after 1 January 2018.

(iii) AASB 16 Leases

AASB 16 Leases:

- replaces AASB 117 Leases and some lease-related Interpretations;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

The standard is applicable for accounting periods beginning on or after 1 January 2019

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, 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 judgements and estimates will seldom equal the related actual results. The judgements, 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.

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. A financial 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 judgement 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 18 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.

Fair value of convertible notes

Under the consolidated entity's accounting policy for convertible notes with cash redemption features, at initial recognition an amount equal to the fair value of the convertible notes issued is recognised as a financial liability ("debt"), and the residual value, being the proceeds of consideration less the debt component recognised at fair value, is recognised in equity.

On initial recognition, the directors have assessed the terms of the convertible notes and determined that in their view the fair value of the debt component is equal to the proceeds such that there is no residual amount to be allocated to an equity component. In making this determination, the directors are of the view that the value of the consideration received, net of costs, provided reliable evidence of the fair value of the debt component of the convertible note.

Investments in associate companies

In accordance with the consolidated entity's accounting policy for investments in Associate companies at 30 June 2016, the directors have made judgements and estimates in respect to the consolidated entity's investment in IGC Asia. The directors concluded that the consolidated entity did not meet the requirement of significant influence and therefore, the equity investment in IGC Asia remained carried at fair value through profit and loss. Refer to Note 12 for detailed information on significant influence.

3 Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: modeling 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 loss 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:

Modeling	Provision of management services to the modeling industry
Corporate	Management of an investment in the primary and resources industry

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 (2015: None).

Geographical regions

During the current financial year the consolidated group operated its activities in one geographical location, Australia.

Segment results

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 June 2016 is as follows:

Consolidated entity 2016	**Modelling** $	**Corporate** $	**Intersegment eliminations** $	**Unallocated** $	**Total** $
Sales to external customers	1,209,208	-	-	-	1,209,208
Other income	6,172	-	-	-	6,172
Interest received	-	2,221	-	-	2,221
Revenue from	**1,215,380**	**2,221**	**-**	**-**	**1,217,601**
EBITDA					
Adjusted EBITDA	(72,839)	(226,643)	-	-	(299,482)
Depreciation and amortisation	(1,235)	-	-	-	(1,235)
Finance costs	-	(9,000)	-	-	(9,000)
Loss before income tax	**(74,074)**	**(235,643)**	**-**	**-**	**(309,717)**

3 Operating segments (continued)

Segment results (continued)

Consolidated entity 2016	**Modelling** $	**Corporate** $	**Intersegment eliminations** $	**Unallocated** $	**Total** $
Assets					
Segment assets	170,253	1,034,917	-	42,257	1,247,427
Intersegmental eliminations	-	-	(394,000)	-	(394,000)
Total assets	**170,253**	**1,034,917**	**(394,000)**	**42,257**	**853,427**
Liabilities					
Segment liabilities	563,160	515,230	-	(7,621)	1,070,769
Intersegmental eliminations	-	-	(224,000)	-	(224,000)
Total liabilities	**563,160**	**515,230**	**(224,000)**	**(7,621)**	**846,769**

The segment information provided to the strategic steering committee for the reportable segments for the year ended 30 June 2015 is as follows:

Consolidated entity 2015	**Modelling** $	**Corporate** $	**Intersegment eliminations** $	**Unallocated** $	**Total** $
Sales to external customers	1,424,547	-	-	-	1,424,547
Interest received	-	5,461	-	-	5,461
Revenue from external customers	1,424,547	5,461	-	-	1,430,008
Adjusted EBITDA	(18,623)	(229,599)	-	-	(248,222)
Depreciation and amortisation	(4,224)	-	-	-	(4,224)
Finance costs	-	(8,883)	-	-	(8,883)
Adjusted EBITDA	(22,847)	(238,482)	-	-	(261,329)
Assets					
Segment assets	247,647	977,129	-	42,346	1,267,122
Intersegmental eliminations	-	-	(394,000)	-	(394,000)
Total assets	247,647	977,129	(394,000)	42,346	873,122
Liabilities					
Segment liabilities	566,481	532,226	-	(7,532)	1,091,175
Intersegmental eliminations	-	-	(224,000)	-	(224,000)
Total liabilities	566,481	532,226	(224,000)	(7,532)	867,175

4 Revenue

The group derives the following types of revenue:

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Operating activities		
Services	**1,209,208**	1,424,547
Non-operating activities		
Other income	**6,172**	-
Interest received	**2,221**	5,461
	8,393	5,461
Total revenue	**1,217,601**	1,430,008

5 Expenses

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Corporate administrative expenses		
Audit and review fees	**33,000**	32,500
Administration & corporate	**162,174**	180,455
Depreciation	**1,235**	4,224
Doubtful debts	**4,681**	394
Bad Debts	**4,249**	-
	205,339	217,573

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Employment and consulting fees		
Wages & salaries	**264,993**	296,033
Directors fees	**75,000**	71,500
Superannuation	**25,015**	27,104
Other expenses	**-**	88
Other employee benefits expense	**12,382**	(180)
	377,390	394,545

6 Income tax expense

(a) Income tax expense

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Income tax expense	**-**	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Profit from continuing operations before income tax expense	**(309,717)**	(261,329)
Tax at the Australian tax rate of 30.0% (2015 - 30.0%)	**(92,915)**	(78,399)
Current year tax loss not recognised	**92,915**	78,399
Income tax expense	**-**	-

(c) Tax losses

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Unused tax losses for which no deferred tax asset has been recognised	**8,798,910**	8,500,263
Potential tax benefit @ 30.0%	**2,639,673**	2,550,079

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 if the continuity of ownership test is passed or failing that, the same business test.

Unused capital losses of $8,238,934 (2015: $8,526,763) have not been recognised.

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

7 Cash and cash equivalents

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Cash at bank	**305,569**	261,705
Cash on hand	**194**	2
	305,763	261,707

8 Trade and other receivables

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Trade receivables	**78,157**	126,120
Provision for impairment of receivables	**-**	(1,374)
	78,157	124,746
Other receivables	**-**	16,448
	78,157	141,194

(a) Impairment of receivables

The consolidated entity has not recognised an impairment loss in 2016 (2015: Nil impairment loss) in respect of impairment of receivables for the year ended 30 June 2016.

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

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
60+ days overdue	**6,054**	1,374

8 Trade and other receivables (continued)

(a) Impairment of receivables (continued)

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

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Opening balance	**1,374**	980
Additional provision recognised in the profit and loss	**4,680**	394
	6,054	1,374

(b) Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $29,072 as at 30 June 2016 (30 June 2015: $14,006). 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.

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
30 to 60 days overdue	**10,726**	9,843
60 to 90 days overdue	**14,046**	952
90+ days overdue	**4,300**	3,211
	29,072	14,006

Refer to Note 18 for detailed information on financial instruments.

9 Prepayments

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Prepayments	**1,873**	1,352

10 Property, plant and equipment

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

Consolidated entity	**Plant and equipment $**
At 1 July 2014	
Cost	66,660
Accumulated depreciation	(61,201)
Net book amount	5,459
Year ended 30 June 2015	
Opening net book amount	5,459
Depreciation charge	(4,224)
Closing net book amount	1,235
At 30 June 2015	
Cost	66,660
Accumulated depreciation	(65,425)
Net book amount	1,235

Consolidated entity	
At 1 July 2015	
Cost	66,660
Accumulated depreciation	(65,425)
Net book amount	1,235
Year ended 30 June 2016	
Opening net book amount	1,235
Depreciation charge	(1,235)
Closing net book amount	-
At 30 June 2016	
Cost	66,660
Accumulated depreciation	(66,660)
Net book amount	-

11 Non-current assets - Intangible assets

Consolidated entity **Non-Current assets**	**Goodwill** **$**
Year ended 30 June 2015	
Opening net book amount	49,878
Closing net book amount	49,878
At 30 June 2015	
Cost	483,776
Accumulated impairment loss	(433,898)
Net book amount	49,878

Consolidated entity **Non-current assets**	
Year ended 30 June 2016	
Opening net book amount	49,878
Closing net book amount	49,878
At 30 June 2016	
Cost	483,776
Accumulated impairment loss	(433,898)
Net book amount	49,878

Impairment testing

Goodwill is allocated to the following cash-generating unit:

	Consolidated entity **Year ended** **30 June 2016** **$**	 30 June 2015 $
Modelling	**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 using a steady rate, together with a terminal value.

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

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

(a) 10% (2015: 10%) per annum projected revenue growth rate; and
(b) 4% (2015: 4%) per annum increase in operating costs and overheads.
(c) 13% (2015: 13%) pre-tax discount rate;

11 Non-current assets - Intangible assets (continued)

Impairment testing (continued)

Management believes the projected 10% revenue growth rate is justified, based on anticipated improvements in business operations.

The discount rate of 13% pre-tax reflects management's estimate of the time value of money, with a risk premium.

Growth and rebuilding of the Melbourne branch has begun and steps are being taken to re-establish a Sydney footprint once again. Management also has plans to utilize its links with Asia to expand opportunities for its modeling client base. On this basis management believes, after assessment, that there is to be no impairment on the carrying value of goodwill. No Impairment has been recognised for the year ended 30 June 2016 (2015: $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.

12 Non-current assets - Other financial assets

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Share in associates	**417,756**	417,756

(a) 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 (2015: 5).

(i) 35% (2015: 35%) pre-tax discount rate;
(ii) 5% (2015: 5%) per annum projected revenue growth rate; and
(iii) 5% (2015: 5%) per annum increase in operating costs and overheads.

(b) Significant influence

The company has a 26% ownership of IGC Asia Pte Ltd, this is considered as a passive investment by the company. The company does not have position on the board as well as not having control or influence in financial and operation decision making or day to day operations, therefore not having significant influence.

13 Trade and other payables

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Trade payables	**332,822**	342,509
Other payables	**117,248**	134,613
Accrued Director fees	**69,060**	69,060
Model payments unpresented	**177,583**	172,834
	696,713	719,016

Trade payables are unsecured and are usually paid within 30 days of recognition.

13 Trade and other payables (continued)

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

14 Current liabilities - Borrowings

	Consolidated entity 30 June 2016 $	30 June 2015 $
Bridging advances	**5,039**	5,039
Convertible notes	**90,000**	90,000
	95,039	95,039

Notes quantity	Value per note	Date of issue of notes	Maturity date of notes	Interest rate
90,000	1	18/06/2016	18/09/2016	10.0%

The terms of the note agreement are described below.
Conversion: The noteholder may give a Conversion Notice to the company requiring the company to issue 1000 shares for each 3 convertible notes converted, up to a maximum issue of 15% of its capital. Conversion is at 0.3 cents per share.

Redemption by the company: BKM may elect to redeem at any time all of the noteholder’s convertible notes for cash at $1 per note, in lieu of converting the convertible notes to shares.

If the convertible notes are not converted or redeemed before expiry date, BKM shall redeem the convertible notes on Expiry date for the sum of $1 for each convertible notes.

The convertible note is unsecured and interest is calculated with an interest rate of 10% p.a. payable at redemption.

The convertible note is renewed on a 3 month basis which is confirmed at each maturity date by the noteholders.

15 Employee benefits

	Consolidated entity 30 June 2016 $	30 June 2015 $
Employee entitlements: annual leave	**11,786**	12,101
Provision for superannuation	**6,752**	7,337
	18,538	19,438

16 Non-current liabilities - Long service leave

Amounts not expected to be settled within the next 12 months
The liability for long service leave is not expected to be settled within 12 months of the reporting date. Long Service Leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Employee entitlements: long service leave	**36,479**	33,682
	36,479	33,682

17 Equity

Share capital

	30 June 2016 Shares	**30 June 2016 $**	30 June 2015 Shares	30 June 2015 $
Ordinary shares				
Ordinary shares - fully paid	**1,522,536,545**	**27,781,276**	1,259,619,878	27,470,848
Total share capital	**1,522,536,545**	**27,781,276**	**1,259,619,878**	**27,470,848**

Movements in ordinary share:

Details	**Number of shares (thousands)**	**$**
Opening balance 1 July 2014	1,259,619,878	27,471,612
Balance 30 June 2015	**1,259,619,878**	**27,471,612**
Opening balance 1 July 2015	1,259,619,878	27,471,612
Shares issued	262,916,667	321,500
Less: Transaction costs arising on share issue	-	(11,072)
Balance 30 June 2016	**1,522,536,545**	**27,782,040**

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.

17 Equity (continued)

Share capital (continued)

Capital risk management
The group's objectives and policies are to maintain a strong and flexible capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The group's capital is made up of only ordinary shares. There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of return on capital (defined as total shareholders' equity attributable to members divided by number of shares on issue), distributions to shareholders and share issues.

The capital risk management policy remains unchanged from the 30 June 2015 annual report.

18 Financial risk management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: credit risk and liquidity risk. Management have established risk management policies to identify and analyse the risks faced by the Entity, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. 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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities.

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.

Market risk

The consolidated entity has assessed that it has no significant exposure to market risk. It reassesses this on a regular basis.

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 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) 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, continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

18 Financial risk management (continued)

Liquidity risk (continued)

At 30 June 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Total $
Non-derivatives					
Trade payables	**-**	**332,822**	**-**	**-**	**332,822**
Other payables	**-**	**363,891**	**-**	**-**	**363,891**
Bridging advance	**-**	**5,039**	**-**	**-**	**5,039**
Convertible note	**10**	**90,321**	**-**	**-**	**90,321**
Total non-derivatives		**792,073**	**-**	**-**	**792,073**

At 30 June 2015	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Total $
Non-derivatives					
Trade payables	-	342,509	-	-	342,509
Other payables	-	412,651	-	-	412,651
Bridging advance	-	5,039	-	-	5,039
Convertible note	10	90,321	-	-	90,321
Total non-derivatives		850,520	-	-	850,520

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 that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within level I 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).

	Consolidated entity	
	Level 3 30 June 2016 $	Level 3 30 June 2015 $
Assets		
	-	-
Financial assets at FVTPL	**417,756**	417,756
Closing balance	**417,756**	417,756

Movements in level 3 financial instruments

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

18 Financial risk management (continued)

Fair value of financial instruments (continued)

Movements in level 3 financial instruments (continued)

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Opening balance	**417,756**	417,756
Fair value movement through profit or loss	**-**	-
	417,756	417,756

There was no loss for the year included in profit or loss relating to level 3 assets held at the end of the year (2015: Nil).

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Rate	Sensitivity
Investment in financial	Bond rate	2.76%	1.00% change would increase/(decrease) fair value by $4,178/ ($4,173)
assets	Discount rate	32.01%	1.00% change would increase/(decrease) fair value by $4,178/ ($4,173)

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

(a) 35% (2015: 35%) pre-tax discount rate;
(b) 5% (2015: 5%) per annum projected revenue growth rate; and
(c) 5% (2015: 5%) per annum increase in operating costs and overheads.

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. Convertible notes are recognised at fair value on issue and subsequent carried on an amortised cost basis. All other financial liabilities are estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

19 Key management personnel compensation

Aggregate remuneration of key management personnel

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Short-term employee benefits	**147,750**	142,000
Post-employment benefits	**6,637**	6,650
	154,387	148,650

19 Key management personnel compensation (continued)

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Payments for other expenses:		
Share registry services to advanced share registry (as company in which Alvin Tan is a director)	**5,855**	5,447

20 Related party transactions

(a) Parent entities

BKM Management Limited is the parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out in note 25(a).

(c) Loans to/from related parties

There were no balances outstanding at the end of the reporting period in relation to loans with related parties.

(d) Terms and conditions

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

21 Remuneration of auditors

William Buck Audit (VIC) Pty Ltd

Audit and other assurance services

	Consolidated entity Year ended 2016 $	2015 $
Audit and other assurance services		
Audit and review of financial statements	**33,000**	32,500
Total remuneration for audit and other assurance services	**33,000**	32,500

22 Contingent liabilities

There were no contingent liabilities at 30 June 2016 and 30 June 2015.

23 Commitments

Non-cancellable operating leases

23 Commitments (continued)

Non-cancellable operating leases (continued)

	Consolidated entity	
	30 June 2016 $	30 June 2015 $
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**69,744**	58,590
Later than one year but not later than five years	**83,077**	53,743
	152,821	112,333

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

24 Parent entity financial information

Summary financial information

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

	30 June 2016 $	30 June 2015 $
Balance sheet		
Current assets	**447,161**	389,373
Non-current assets	**587,756**	587,756
Total assets	**1,034,917**	977,129
Current liabilities	**515,230**	532,226
Total liabilities	**515,230**	532,226
Net assets	**519,687**	444,903
Shareholders' equity		
Total equity	**-**	-
Profit or loss for the period	**(235,645)**	(238,482)
Total comprehensive income	**-**	-

(a) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015. For information about guarantees given by the parent entity, please see above.

(b) Contractual commitments for the acquisition of property, plant or equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 (30 June 2015: Nil).

24 Parent entity financial information (continued)

(c) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of BKM Management Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

25 Interests in other entities

(a) Material subsidiaries

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		2016 %	2015 %	**2016 %**	2015 %	
Elite Models (Aust) Pty Ltd	Australia	**100.0**	100.0	**-**	-	Modelling
Scene Model Management Pty Ltd	Australia	**85.0**	85.0	**15.0**	15.0	Modelling

(b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. There were no transactions with non-controlling interest during the financial year ending 30 June 2016 and 30 June 2015.

	Scene Model Management Pty Ltd	
Summarised balance sheet	**30 June 2016 $**	30 June 2015 $
Current assets	**162,632**	238,880
Current liabilities	**519,060**	525,267
Current net liabilities	**(356,428)**	(286,387)
Non-current assets	**-**	1,235
Non-current liabilities	**36,479**	33,682
Non-current net liabilities	**(36,479)**	(32,447)
Net liabilities	**(392,907)**	(318,834)
Accumulated NCI	**58,934**	47,824

25 Interests in other entities (continued)

(b) Non-controlling interests (NCI) (continued)

	Scene Model Management Pty Ltd	
	30 June 2016	30 June 2015
Summarised statement of comprehensive income	**$**	$
Revenue	**1,215,380**	1,424,458
Expenses	**(1,289,454)**	(1,447,305)
Loss before income tax expense	**(74,074)**	(22,847)
Income tax expense	**-**	-
Loss after income tax expense	**(74,074)**	(22,847)
Other comprehensive income	**-**	-
Total comprehensive loss	**(74,074)**	(22,847)

	Scene Model Management Pty Ltd	
	30 June 2016	30 June 2015
Summarised cash flows	**$**	$
Cash flows from operating activities	**(12,726)**	(18,659)
Net increases/(decrease) in cash and cash equivalents	**(12,726)**	(18,659)

26 Events occurring after the reporting period

There have not been any matters or circumstances in the financial statements or notes thereto, that have arisen since the end of the financial year, which significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

27 Cash flow information

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Profit for the period	**(309,717)**	(261,329)
Adjustment for		
Depreciation and amortisation	**1,235**	4,224
Interest on borrowings	**9,000**	8,884
Movement on accounts receivable	**63,037**	(49,288)
Movement on other current assets	**(521)**	463
Movemet on accounts payable	**(22,303)**	53,148
Movement on other current liabilities	**1,897**	(10,681)
Net cash inflow (outflow) from operating activities	**(257,372)**	(254,579)

28 Earnings per share

(a) Reconciliation of earnings used in calculating earnings per share

	Consolidated entity Year ended 30 June 2016 $	30 June 2015 $
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
Net loss attributable to ordinary equity holders of the parent	**(298,606)**	(257,902)
Add back profit (loss) attributable to non-controlling interests	**(11,111)**	(3,427)
	(309,717)	(261,329)

(b) Weighted average number of shares used as the denominator

	Consolidated entity Year ended 2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,400,013,776**	1,256,168,865

28 Earnings per share (continued)

(b) Weighted average number of shares used as the denominator (continued)

(c) Basic earnings per share

	Consolidated entity Year ended	
	30 June 2016 Cents	30 June 2015 Cents
Basic earnings per share (cents)	**(0.023)**	(0.021)
Diluted earnings per share (cents)	**(0.023)**	(0.021)

BKM Management Limited
Directors' declaration
30 June 2016

In the directors' opinion:

(a) the financial statements and notes set out on pages 18 to 49 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Note 1(b) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of directors.

Mr Alvin Tan
Director
Melbourne

29th September 2016

William Buck

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

Report on the Financial Report

We have audited the accompanying consolidated financial report of comprising BKM Management Limited (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity) on pages 18 to 50. The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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.

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 audit opinion.

Independence

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

CHARTERED ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

PO Box 185
Toorak VIC 3142

Telephone: +61 3 9824 8555

williambuck.com

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 2016 (2015: $417,756). As in the prior year, we remain unable to obtain sufficient appropriate evidence to satisfy ourselves in respect of the carrying amount of BKM Management Limited's investment in IGC Asia Pte Ltd.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph:

a) the financial report of the consolidated entity on pages 18 to 50 is in accordance with the Corporations Act 2001, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without further modification to the qualified opinion expressed above, we draw attention to Note 1(a) to the financial report, which indicates the consolidated entity incurred a net loss of $309,717 (2015: $261,329), the current liabilities exceeded the current assets (working capital) by $424,497 (2015: $429,240) and had net cash outflows from operating activities of $257,372 (2015: $254,579) during the year ended 30 June 2016. These conditions, along with the other matters as set forth in Note 1(a), 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 8 of the directors' report for the year ended 30 June 2016. 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 2016, 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 2016 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
Director

Dated this 29th day of September, 2016

The shareholder information set out below was applicable as at ***14th September 2016***

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Shares
1 - 1000	204,924
1,001 - 5,000	1,205,202
5,001 - 10,000	1,550,829
10,001 - 100,000	13,381,348
100,001 and over	1,506,194,242
	1,522,536,545

B. Equity security holders

Twenty largest quoted equity security holders

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

Name	Ordinary shares	
	Number held	Percentage of issued shares
SB Resources Pte Ltd	200,000,000	13.14
Presage Resources Pte Ltd	140,000,000	9.20
Zenith Argo Group Pte Ltd	125,000,000	8.21
CBS Ventures Pte Ltd	101,400,000	6.66
Brooklyn International Inc	84,784,838	5.57
Slade Technologies Pty Ltd	76,500,000	5.03
Ong Sau Yin	67,892,146	4.46
Nerac Capital Holdings Limited	56,421,918	3.71
World Star Pte Ltd	51,308,403	3.37
Innovation Marketing & Finance Pty Ltd	49,900,000	3.28
Cudgen Superannuation Services Pty Ltd	30,600,000	2.01
J P Morgan Nominees Australia Limited	28,837,386	1.89
Coastal Inc	28,469,178	1.87
Cudgen Superannuation Services Pty Ltd	26,900,000	1.77
Innovation Marketing + Finance Pty Ltd	23,165,753	1.52
Slade Technologies Pty Ltd	22,500,000	1.48
Scintilla Strategic Investments Limited	19,000,000	1.25
MGL Corp Pty Ltd	16,454,263	1.08
Northbridge Business Services Pty Ltd	16,300,000	1.07
BNP Paribas Noms Pty Ltd	16,032,714	1.05
	1,181,466,599	77.60

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
SB Resources Pte Ltd	200,000,000	13.14%
Presage Resources Pte Ltd	140,000,000	9.20%
Zenith Argo Group Pte Ltd	125,000,000	8.21%
CBS Ventures Pte Ltd	101,400,000	6.66%
Slade Technologies Pty Ltd	101,000,000	6.63%
Terrance Staines	89,010,502	5.92%
Brooklyn International Inc	84,784,838	5.57%
	841,195,340	55.32%

D. Voting rights

The voting rights attaching to each class of equity securities 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.

BKM Management Limited
Corporate directory

Directors	Mr Alvin Tan *Chairman* Mr Evan McGregor *Non-Executive Director* Mr Benjamin Song Young Hua *Non-Executive Director*
Secretary	Mr Phillip Hains
Principal registered office in Australia	Suite 1 1233 High Street Armadale Victoria 3143 Australia +61 3 9824 5254
Share and debenture register	Advanced Share Registry Services 150 Stirling Highway Nedlands, Perth Western Australia 6909 +61 8 9389 8033
Auditor	William Buck Audit (VIC) Pty Ltd Level 20 181 William Street Melbourne Victoria 3000 +61 3 9824 8555
Solicitors	Pointon Partners Level 14 565 Bourke Street Melbourne Victoria 3000
Bankers	National Australia Bank 330 Collins Street Melbourne Victoria 3000
Stock exchange listings	
Website	www.bkmmanagement.com