

# **BKM Management Limited**

ABN 61 009 146 543

## **Appendix 4E and Preliminary financial report for the year ended 30 June 2019**

# **BKM Management Limited**

## **Appendix 4E**

### **Year ended 30 June 2019**

<b>Name of entity:</b>	BKM Management Limited
<b>ABN:</b>	61 009 146 543
<b>Year ended:</b>	30 June 2019
<b>Previous period:</b>	30 June 2018

#### **Results for announcement to the market**

					\$
Revenue from ordinary activities	Down	14.8%	to		910,130
Net loss after tax (from ordinary activities) for the period attributable to members	Down	44.3%	to	(217,888)	
Net loss after tax for the period attributable to members	Down	44.3%	to	(217,888)	

#### **Net tangible assets per security**

	<b>2019</b>	<b>2018</b>
	<b>Cents</b>	<b>Cents</b>
Net tangible asset backing (per share)	<b>(0.04)</b>	(0.03)

#### **Explanation of results**

BKM Management Limited (BKM), has reported a loss for the full year of \$217,888 (2018: \$391,159), with net (deficiency of) assets increasing to \$736,721 (2018: 518,833). As at 30 June 2019 the group had cash reserves of \$191,142 (2018: \$167,949).

Revenue slipped 15 percent 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.

Despite the challenging times, Scene continues to show strong evidence of improvement due to its reduced operating costs. The extent of this cost reduction program has resulted in the Scene subsidiary reporting a profit of \$22,644 for the year ended 30 June 2019 (2018: \$2,940 loss).

This turn-around has come on the back of the consolidation of operations out of the Perth branch and an increased focus on Scene's actor management agency, 'Now Actors', which is heavily dependent on its online presence. The decreased focus on modelling towards actors' management acknowledges the decline in the traditional modelling sector and places Scene in a strong position to take advantage of market trends towards digital marketing and online media. The board of BKM and Scene's management are continuing to position the business to respond to the new challenges posed.

On 28 July 2017, BKM advised that it had entered into a non-binding term sheet to acquire 100 percent of Zenith Agro Group Pte Ltd (ZAG), an agricultural company focused on Agarwood tree plantation development in Cambodia. Subsequently, the group indicated that the project may have difficulty in being acquired under the original terms agreed between the parties and the board was reviewing its position in relation to this transaction. During the year ended 30 June 2019, ZAG due diligence costs declined substantially to \$500, versus \$126,854 during the same period in 2018. This reflects the cessation of formal due diligence work by external consultants and advisors; the board instead sought to restructure aspects of the deal with ZAG's management and executive team.

On 30 November 2018, the group announced that, "after extensive due diligence and negotiations, the parties have mutually agreed not to proceed at this time." The board wishes to advise that the main reasons for the group to walk away from the transaction were the inability of the proposed transaction to satisfy the rigorous requirements for reinstatement, and of the vendor party to provide the necessary information on a timely basis. Consequently, the board decided not to proceed.

BKM's 30 June 2018 annual report also stated that the group had been working with the management team at IGC Asia, in which it holds a minority interest, to identify additional investment opportunities in primary industry and resource sectors. Nothing materialised from this process and for this reason, the board has ceased discussions with IGC Asia and decided to focus on its existing modelling business, Scene.

## **Distributions**

No dividends have been paid or declared by the company for the current financial year. No dividends were paid for the previous financial year.

## **Changes in controlled entities**

There have been no changes in controlled entities during the year ended 30 June 2019.

## **Other information required by Listing Rule 4.3A**

a. Details of individual and total dividends or distributions and dividend or distribution payments:	N/A
b. Details of any dividend or distribution reinvestment plans:	N/A
c. Details of associates and joint venture entities:	N/A
d. Other information	N/A

## **Audit**

The preliminary financial statements are currently in the process of being audited by the group's independent auditor. Consequently, no audit opinion is expressed.

The independent auditor's report to the members will feature an emphasis of matter in relation to the prior period restatement and a material uncertainty related to going concern.

**BKM Management Limited**  
**Corporate directory**

**Directors**

Mr Alvin Tan  
*Non-Executive Chairman*

Mr Evan McGregor  
*Non-Executive Director*

Mr Benjamin Song  
*Non-Executive Director*

Mr Dennis Yong  
*Non-Executive Director*

**Secretary**

Mr Phillip Hains

**Principal registered office in Australia**

Level 3, 62 Lygon Street  
Carlton, VIC 3053  
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**Share and debenture register**

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+61 (0)8 9389 8033

**Auditor**

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Melbourne, VIC 3000  
+61 (0)3 9824 8555

**Solicitors**

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Level 4, 16 Milligan Street  
Perth, WA 6000  
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**Bankers**

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330 Collins Street  
Melbourne, VIC 3000

**Website**

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# BKM Management Limited

ABN 61 009 146 543

## ***Preliminary financial report - 30 June 2019***

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These preliminary financial statements are consolidated preliminary financial statements for the group consisting of BKM Management Limited and its subsidiaries. A list of major subsidiaries is included in note 6.

The preliminary financial statements are presented in the Australian currency.

BKM Management Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Level 3, 62 Lygon Street  
Carlton VIC 3053

The preliminary financial statements were authorised for issue by the directors on 30 August 2019. The directors have the power to amend and reissue the preliminary financial statements.

**BKM Management Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2019**

		<b>Consolidated entity</b>	
		<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>Restated</b>
	<b>Notes</b>		<b>\$</b>
Revenue	2	<b>910,154</b>	1,067,691
Model and talent costs		<b>(649,186)</b>	(776,636)
Corporate administration expenses		<b>(178,080)</b>	(175,469)
Employment and consulting fees		<b>(265,509)</b>	(282,765)
Occupancy expenses		<b>(29,707)</b>	(38,838)
Due diligence expenses		<b>(500)</b>	(126,854)
Other gains/(losses) – net		<b>5,039</b>	(49,878)
<b>Operating loss</b>		<b>(207,789)</b>	(382,749)
Finance income		<b>9</b>	606
Finance costs		<b>(10,108)</b>	(9,016)
<b>Finance costs - net</b>		<b>(10,099)</b>	(8,410)
<b>Loss before income tax</b>		<b>(217,888)</b>	(391,159)
Income tax expense		-	-
<b>Loss for the period</b>		<b>(217,888)</b>	(391,159)
<b>Other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(217,888)</b>	(391,159)
Loss is attributable to:			
Owners of BKM Management Limited		<b>(221,285)</b>	(390,718)
Non-controlling interests		<b>3,397</b>	(441)
		<b>(217,888)</b>	(391,159)
Total comprehensive loss for the period is attributable to:			
Owners of BKM Management Limited		<b>(221,285)</b>	(390,718)
Non-controlling interests		<b>3,397</b>	(441)
		<b>(217,888)</b>	(391,159)
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share attributable to the ordinary equity holders of the company:</b>			
Basic loss per share	5	<b>(0.012)</b>	(0.021)
Diluted loss per share	5	<b>(0.012)</b>	(0.021)

**BKM Management Limited**  
**Consolidated balance sheet**  
**As at 30 June 2019**

		<b>Consolidated entity</b>	
		2019	2018
		\$	Restated
Notes			\$
<b>ASSETS</b>			
<b>Current assets</b>			
	3(a)	<b>191,142</b>	167,949
Cash and cash equivalents			
Trade and other receivables	3(b)	<b>56,633</b>	33,481
Prepayments		<b>5,722</b>	5,722
<b>Total current assets</b>		<b>253,497</b>	207,152
<b>Total non-current assets</b>		-	-
<b>Total assets</b>		<b>253,497</b>	207,152
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	3(c)	<b>792,874</b>	579,741
Borrowings		<b>140,000</b>	95,039
Employee benefit obligations		<b>57,344</b>	51,205
<b>Total current liabilities</b>		<b>990,218</b>	725,985
<b>Total non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>990,218</b>	725,985
<b>Net (deficiency of) assets</b>		<b>(736,721)</b>	(518,833)
<b>EQUITY</b>			
Share capital	4(a)	<b>28,138,393</b>	28,138,393
Accumulated losses		<b>(28,817,936)</b>	(28,596,651)
Non-controlling interests		<b>(57,178)</b>	(60,575)
<b>Total equity</b>		<b>(736,721)</b>	(518,833)

**BKM Management Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2019**

	Attributable to owners of BKM Management Limited		Non-controlling interests	Total equity
	Share capital	Accumulated losses		
Consolidated entity	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	28,138,393	(28,205,933)	(60,134)	(127,674)
Loss for the period	-	(390,718)	(441)	(391,159)
<b>Total comprehensive loss for the period</b>	-	<b>(390,718)</b>	<b>(441)</b>	<b>(391,159)</b>
<b>Balance at 30 June 2018 (restated)</b>	<b>28,138,393</b>	<b>(28,596,651)</b>	<b>(60,575)</b>	<b>(518,833)</b>
	Attributable to owners of BKM Management Limited		Non-controlling interests	Total equity
	Share capital	Accumulated losses		
Consolidated entity	\$	\$	\$	\$
<b>Balance at 1 July 2018 (restated)</b>	28,138,393	(28,596,651)	(60,575)	(518,833)
Profit/(loss) for the period	-	(221,285)	3,397	(217,888)
<b>Total comprehensive income/(loss) for the period</b>	-	<b>(221,285)</b>	<b>3,397</b>	<b>(217,888)</b>
<b>Transactions with owners in their capacity as owners:</b>	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>28,138,393</b>	<b>(28,817,936)</b>	<b>(57,178)</b>	<b>(736,721)</b>

*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 2019**

	<b>Consolidated entity</b>	
	<b>2019</b>	<b>2018</b>
Notes	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	<b>988,648</b>	1,173,671
Payments to suppliers and employees (inclusive of GST)	<b>(1,014,964)</b>	(1,372,881)
Transaction costs related to Zenith Agro Group due diligence	<b>(500)</b>	(126,854)
<b>Net cash (outflow) from operating activities</b>	<b>(26,816)</b>	(326,064)
<b>Cash flows from investing activities</b>		
Interest received	<b>9</b>	606
<b>Net cash inflow from investing activities</b>	<b>9</b>	606
<b>Cash flows from financing activities</b>		
Proceeds from issues of convertible notes	<b>50,000</b>	-
Interest paid	<b>-</b>	(4,516)
<b>Net cash inflow (outflow) from financing activities</b>	<b>50,000</b>	(4,516)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>23,193</b>	(329,974)
Cash and cash equivalents at the beginning of the financial year	<b>167,949</b>	497,923
<b>Cash and cash equivalents at end of period</b>	<b>191,142</b>	167,949

3(a)

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

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## 1 Correction of error

Subsequent to the issue of the 30 June 2018 financial statements signed on 28 September 2018, the directors determined that an error had been made in relation to the assessment of the valuation of the company's investment in Scene Model Management, a modelling agency based in Perth, Western Australia. The investment was previously reported at \$49,878. In these financial statements, the comparative financial position for the year ended 30 June 2018 in respect of this investment has been adjusted to reflect that investment had a nil value. The corresponding fair valuation loss of \$49,878 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018. The consolidated statement of changes in equity also reflects this fair valuation loss, with the loss for the year and accumulated losses balance as at 30 June 2018 both increasing by \$49,878, and the total equity balance at 30 June 2018 decreasing by \$49,878.

## 2 Revenue

	<b>Consolidated entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Operating activities</b>		
Services	<b>907,234</b>	1,063,157
Reversal of model payments unrepresented	<b>2,920</b>	4,534
	<b>910,154</b>	1,067,691
<b>Total revenue</b>	<b>910,154</b>	<b>1,067,691</b>

### (a) Accounting policies and significant judgements

#### (i) Model management services

Model management revenue is typically recognised at a point in time when the customer has access to the resulting media content. Contracts do not provide for discounts or rebates which give rise to variable consideration.

#### (ii) Actor management services

Actor management revenue is typically recognised over a period of time as the customer will receive the benefit of the talent throughout the filming of a television series or film. Contracts do not provide for discounts or rebates which give rise to variable consideration.

## 3 Financial assets and financial liabilities

### (a) Cash and cash equivalents

	<b>Consolidated entity</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Cash at bank	<b>191,142</b>	167,949

#### (i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

### 3 Financial assets and financial liabilities (continued)

#### (a) Cash and cash equivalents (continued)

##### (i) Reconciliation to cash flow statement (continued)

	Consolidated entity	
	2019	2018
	\$	\$
Balances as above	191,142	167,949
Balances per consolidated statement of cash flows	191,142	167,949

#### (b) Trade and other receivables

	Consolidated entity	
	2019	2018
	Current	Current
	\$	\$
Trade receivables	55,453	34,623
Provision for impairment	(1,892)	(4,372)
	53,561	30,251
Other receivables	3,072	3,230
	56,633	33,481

##### (i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

##### (ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

#### (c) Trade and other payables

	Consolidated entity	
	2019	2018
	Current	Current
	\$	\$
Trade payables	595,417	402,019
Accrued expenses	91,082	67,097
Accrued directors' fees	69,060	69,060
Model payments unrepresented	19,255	18,931
Other payables	18,060	22,634
	792,874	579,741

## 4 Equity

### (a) Share capital

	<b>2019</b>	<b>2019</b>	2018	2018
	<b>Shares</b>	<b>\$</b>	Shares	\$
Ordinary shares				
Ordinary shares - fully paid	<b>1,822,036,545</b>	<b>28,138,393</b>	1,822,036,545	28,138,393

#### (i) *Movements in ordinary shares*

There has been no movement in ordinary shares in the year ended 30 June 2019 (2018: nil).

#### (ii) *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.

#### (iii) *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 continuously manages the group's financial risks in response to changes in these risks and in the market.

The capital risk management policy remains unchanged from the 30 June 2018 preliminary financial report.

## 5 Loss per share

### (a) Reconciliation of loss used in calculating loss per share

	<b>Consolidated entity</b>	
	<b>2019</b>	2018
	<b>\$</b>	Restated \$
<i>Basic and diluted loss per share</i>		
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:		
Net profit/(loss)	<b>(221,285)</b>	(390,718)
Add back profit/(loss) attributable to non-controlling interests	<b>3,397</b>	(441)
	<b>(217,888)</b>	(391,159)

## 5 Loss per share (continued)

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

	<b>Consolidated entity</b>	
	<b>2019</b>	2018
	<b>Number</b>	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<b>1,822,036,545</b>	1,822,036,545

On the basis of the group's losses, the convertible note borrowings as at 30 June 2019 are considered to be anti-dilutive and therefore were excluded from the diluted weighted average number of ordinary shares calculation.

## 6 Interests in other entities

The group's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

<b>Name of entity</b>	<b>Country of incorporation</b>	<b>Ownership interest held by the group</b>		<b>Ownership interest held by non-controlling interests</b>		<b>Principal activities</b>
		<b>2019</b>	2018	<b>2019</b>	2018	
		<b>%</b>	%	<b>%</b>	%	
Elite Models (Aust) Pty Ltd	Australia	<b>100.0</b>	100.0	-	-	Modelling
Scene Model Management Pty Ltd	Australia	<b>85.0</b>	85.0	<b>15.0</b>	15.0	Modelling

## **7 Summary of significant accounting policies**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated preliminary financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated. The preliminary financial statements are for the group consisting of BKM Management Limited and its subsidiaries.

### **(a) Basis of preparation**

The financial information included in this document for the year ended 30 June 2019 is unaudited. The financial information does not constitute BKM Management Limited's full financial statements for the year ended 30 June 2019, which will be approved by the board, reported on by the auditors, and lodged with the Australian Securities Exchange (ASX). The full financial statements will be prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Items included in the preliminary financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated preliminary financial statements are presented in Australian dollar (\$), which is BKM Management Limited's functional and presentation currency.

#### *(i) Historical cost convention*

The preliminary financial statements have been prepared on a historical cost basis.

#### *(ii) New and amended standards adopted by the group*

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2018:

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*

The group has changed its accounting policies without making retrospective adjustments following the adoption of AASB 9 and AASB 15. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

### **(b) Principles of consolidation**

#### *(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

## **7 Summary of significant accounting policies (continued)**

### **(c) Revenue recognition**

The accounting policies for the group's revenue from contracts with customers are explained in note 2.

### **(d) Income tax**

The income tax expense or credit for the period is the tax payable on the current 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 to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **(e) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **(f) Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

### **(g) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 3(b) for further information about the group's accounting for trade receivables.



## **7 Summary of significant accounting policies (continued)**

### **(h) Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### **(i) Trade and other payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **(j) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

### **(k) Employee benefits**

#### **(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### **(ii) Other long-term employee benefit obligations**

The group also has 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. These obligations are therefore 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 high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

## **7 Summary of significant accounting policies (continued)**

### **(k) Employee benefits (continued)**

#### *(ii) Other long-term employee benefit obligations (continued)*

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.

### **(l) Contributed equity**

Ordinary shares are classified as equity.

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

### **(m) Loss per share**

#### *(i) Basic loss per share*

Basic earnings per share is calculated by dividing:

- the loss attributable to owners of the company, 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 year.

#### *(ii) Diluted loss per share*

Diluted loss per share adjusts the figures used in the determination of basic loss 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### **(n) Rounding of amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the preliminary financial statements. Amounts in the preliminary financial statements have been rounded off in accordance with the instrument to the nearest dollar, or in certain cases, the nearest dollar.

### **(o) 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 taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the consolidated balance sheet.

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 taxation authority, are presented as operating cash flows.