

# BKM Management Limited

## Appendix 4E

### Preliminary Final Report

#### Year ended 30 June 2016

<b>Name of entity</b>	BKM Management Limited
<b>ABN</b>	61 009 146 543
<b>Year ended</b>	30 June 2016
<b>Previous period</b>	30 June 2015

#### Results for announcement to the market

				\$
Revenue for ordinary activities	Down	14.9%	to	1,217,601
Earnings before interest and taxation (EBIT)	Down	18.5%	to	(309,717)
Net profit after tax (from ordinary activities) for the period attributable to members	Down	18.5%	to	(309,717)

#### Distributions

##### *Current period*

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

##### *Previous corresponding period*

There were no dividends paid or declared during the previous financial period

#### Net tangible assets per security

Net Tangible Assets per Security (cents per security):

As at 30 June 2016	(0.003)
As at 30 June 2015	(0.004)

#### Details of dividend reinvestment plans in operation

There are no dividend reinvestment plans in operation.

#### Foreign Entities

Not applicable.

#### Changes in controlled entities

No change

#### Details of associates and joint venture entities

Not applicable.

## Explanation of results

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 \$180,000.

During the year, some \$141,500 was raised through an 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.

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.

## Audit

*Details of audit dispute or qualification (if any):*

The accounts are currently in the process of being audited.

The audit of the consolidated entity is currently in progress and there are unresolved matters which may require some form of modification to the Auditor's Report. In particular, these matters include a likely change to the going concern note, the valuation of the investment in IGC Asia Pte Ltd which has a net carrying value of \$417,756, as well as the valuation of the investment in Scene Model Management Pty Ltd which has a net carrying value of \$49,878.

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**BKM Management Limited** ABN 61 009 146 543  
**Preliminary Final Report - 30 June 2016**

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

		<b>Consolidated entity</b>	
		<b>Year ended</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2016</b>	<b>2015</b>
	Notes	\$	\$
Revenue	3	<b>1,217,601</b>	1,430,008
Model and talent costs		<b>(869,071)</b>	(981,747)
Corporate administration expenses	4	<b>(205,339)</b>	(217,573)
Employment and consulting fees	4	<b>(377,390)</b>	(394,545)
Finance costs		<b>(9,000)</b>	(8,883)
Occupancy costs		<b>(66,518)</b>	(88,589)
<b>Operating loss</b>		<b>(309,717)</b>	(261,329)
<b>Loss before income tax</b>		<b>(309,717)</b>	(261,329)
Income tax expense	5	-	-
<b>Loss for the period</b>		<b>(309,717)</b>	(261,329)
<b>Other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(309,717)</b>	(261,329)
Loss is attributable to:			
Owners of BKM Management Limited		<b>(320,828)</b>	(257,902)
Non-controlling interests		<b>11,111</b>	(3,427)
		<b>(309,717)</b>	(261,329)
Total comprehensive loss for the period is attributable to:			
Owners of BKM Management Limited		<b>(320,828)</b>	(257,902)
Non-controlling interests		<b>11,111</b>	(3,427)
		<b>(309,717)</b>	(261,329)
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>			
Basic earnings per share	9	<b>(0.023)</b>	(0.021)
Diluted earnings per share	9	<b>(0.023)</b>	(0.021)

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

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

		<b>Consolidated entity</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2016</b>	<b>2015</b>
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	<b>305,763</b>	261,707
Trade and other receivables		<b>78,157</b>	141,194
Prepayments		<b>1,873</b>	1,352
		<b>385,793</b>	404,253
<b>Total current assets</b>		<b>385,793</b>	404,253
<b>Non-current assets</b>			
Other financial assets		<b>417,756</b>	417,756
Property, plant and equipment		-	1,235
Intangible assets		<b>49,878</b>	49,878
<b>Total non-current assets</b>		<b>467,634</b>	468,869
<b>Total assets</b>		<b>853,427</b>	873,122
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		<b>696,713</b>	719,016
Borrowings		<b>95,039</b>	95,039
Employee benefit obligations		<b>18,538</b>	19,438
		<b>810,290</b>	833,493
<b>Total current liabilities</b>		<b>810,290</b>	833,493
<b>Non-current liabilities</b>			
Employee benefit obligations		<b>36,479</b>	33,682
<b>Total non-current liabilities</b>		<b>36,479</b>	33,682
<b>Total liabilities</b>		<b>846,769</b>	867,175
<b>Net assets</b>		<b>6,658</b>	5,947
<b>EQUITY</b>			
Share capital		<b>27,782,040</b>	27,471,612
Retained earnings		<b>(27,738,670)</b>	(27,417,842)
Parent entity interest		<b>43,370</b>	53,770
Non-controlling interests		<b>(36,712)</b>	(47,823)
<b>Total equity</b>		<b>6,658</b>	5,947

*The above consolidated 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**

	Attributable to owners of BKM Management Limited		Non- controlling interests \$	Total equity \$
	Share capital \$	Retained earnings \$		
<b>Consolidated entity</b>				
<b>Balance at 1 July 2014</b>	27,471,612	(27,159,940)	(44,396)	267,276
Profit (loss) for the period	-	(257,902)	(3,427)	(261,329)
<b>Total comprehensive loss for the period</b>	-	<b>(257,902)</b>	<b>(3,427)</b>	<b>(261,329)</b>
<b>Balance at 30 June 2015</b>	<b>27,471,612</b>	<b>(27,417,842)</b>	<b>(47,823)</b>	<b>5,947</b>
<b>Balance at 1 July 2015</b>	27,471,612	(27,417,842)	(47,823)	5,947
Profit (loss) for the period	-	(320,828)	11,111	(309,717)
<b>Total comprehensive loss for the period</b>	-	<b>(320,828)</b>	<b>11,111</b>	<b>(309,717)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs and tax	310,428	-	-	310,428
<b>Balance at 30 June 2016</b>	<b>27,782,040</b>	<b>(27,738,670)</b>	<b>(36,712)</b>	<b>6,658</b>

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

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

		<b>Consolidated entity</b>	
		<b>Year ended</b>	
		<b>30 June</b>	<b>30 June</b>
		<b>2016</b>	<b>2015</b>
Notes		<b>\$</b>	<b>\$</b>
	<b>Cash flows from operating activities</b>		
	Receipts from customers (inclusive of goods and services tax)	<b>1,258,110</b>	1,383,708
	Payments to suppliers and employees (inclusive of goods and services tax)	<b>(1,517,703)</b>	(1,643,748)
	Interest received	<b>2,221</b>	5,461
	<b>Net cash (outflow) from operating activities</b>	<b>(257,372)</b>	(254,579)
	<b>Net cash inflow (outflow) from investing activities</b>	-	-
	<b>Cash flows from financing activities</b>		
	Proceeds from issues of shares and other equity securities	<b>321,500</b>	-
	Share issue and buy-back transaction costs	<b>(11,072)</b>	-
	Repayment of borrowings	<b>(9,000)</b>	-
	<b>Net cash inflow from financing activities</b>	<b>301,428</b>	-
	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>44,056</b>	(254,579)
	Cash and cash equivalents at the beginning of the financial year	<b>261,707</b>	516,286
6	<b>Cash and cash equivalents at end of period</b>	<b>305,763</b>	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) and related party payables for director controlled entities of \$117,650 (2015: \$124,850). 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 only be demanded in the event that 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 consolidated 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 statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Australian equivalents to International Financial Reporting Standards ("A-IFRS").

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. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

## 1 Summary of significant accounting policies (continued)

### (c) New and amended standards adopted by the group

**AASB 2015-4 - Amendments to Australian Accounting Standards - Financial Reporting Requirements for Australian Groups with a Foreign Parent** has been adopted by BKM Management Limited in the current period.

AASB 2015-4 amends AASB 128 Investments in Associates and Joint Ventures to ensure that its reporting requirements on Australian groups with a foreign parent align with those currently available in AASB 10 Consolidated Financial Statements for such groups. AASB 128 will now only require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

AASB 2015-4 is applicable to annual reporting periods beginning on or after 1 July 2015.

The adoption of this amendment has not had a material impact on the company.

### (d) 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.

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.

<b>Title of standard</b>	<b>Nature of change</b>	<b>Impact</b>	<b>Mandatory application date</b>
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.	Accounting periods beginning on or after 1 January 2018
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) – expands and improves disclosures about revenue	The entity is yet to undertake a detailed assessment of the impact of AASB 15. 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.	Accounting periods beginning on or after 1 January 2018

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**1 Summary of significant accounting policies (continued)**

**(d) New standards and interpretations not yet adopted (continued)**

AASB 16 Leases	AASB 16 – replaces AASB 117 Leases and some lease-related Interpretations– requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases– 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– requires new and different disclosures about leases Interpretations	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.	Accounting periods beginning on or after 1 January 2019
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a ‘business’, as defined in AASB 3 Business Combinations, should: 1 - Apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e. the existing interest is not re-measured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and 2 - Provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.	Accounting periods beginning on or after 1 January 2016

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**1 Summary of significant accounting policies (continued)**

**(d) New standards and interpretations not yet adopted (continued)**

AASB 2014-4 Amendments to Clarification of Acceptable Methods of Depreciation Amortisation	The amendments to AASB 116 prohibit the use of a revenue based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment. The amendments to AASB 138 present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate. This rebuttable presumption can be overcome (i.e. a revenue-based amortisation method might be appropriate) only in two (2) limited circumstances:	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.	Accounting periods beginning on or after 1 January 2016
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.	Accounting periods beginning on or after 1 January 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments:	When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.	Accounting periods beginning on or after 1 January 2016

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**1 Summary of significant accounting policies (continued)**

**(d) New standards and interpretations not yet adopted (continued)**

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.	When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.	Accounting periods beginning on or after 1 January 2018
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.	Accounting periods beginning on or after 1 January 2017

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## 2 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:

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

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## 2 Operating segments (continued)

### Segment results (continued)

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

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
<b>Revenue from external customers</b>	<b>1,424,547</b>	<b>5,461</b>	<b>-</b>	<b>-</b>	<b>1,430,008</b>
Adjusted EBITDA	(18,623)	(229,599)	-	-	(248,222)
Depreciation and amortisation	(4,224)	-	-	-	(4,224)
Finance costs	-	(8,883)	-	-	(8,883)
<b>Adjusted EBITDA</b>	<b>(22,847)</b>	<b>(238,482)</b>	<b>-</b>	<b>-</b>	<b>(261,329)</b>
<b>Assets</b>					
Segment assets	247,647	977,129	-	42,346	1,267,122
Intersegmental eliminations	-	-	(394,000)	-	(394,000)
<b>Total assets</b>	<b>247,647</b>	<b>977,129</b>	<b>(394,000)</b>	<b>42,346</b>	<b>873,122</b>
<b>Liabilities</b>					
Segment liabilities	566,481	532,226	-	(7,532)	1,091,175
Intersegmental eliminations	-	-	(224,000)	-	(224,000)
<b>Total liabilities</b>	<b>566,481</b>	<b>532,226</b>	<b>(224,000)</b>	<b>(7,532)</b>	<b>867,175</b>

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### 3 Revenue

The group derives the following types of revenue:

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

### 4 Expenses

	<b>Consolidated entity</b>	
	<b>Year ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Corporate administrative expenses</b>		
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	-
	<b>205,339</b>	<b>217,573</b>

	<b>Consolidated entity</b>	
	<b>Year ended</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Employment and consulting fees</b>		
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)
	<b>377,390</b>	<b>394,545</b>

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## 5 Income tax expense

### (a) Income tax expense

	Consolidated entity	
	Year ended	
	30 June 2016	30 June 2015
	\$	\$
<b>Income tax expense</b>	-	-

### (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	<b>(309,717)</b>	(261,329)
Tax at the Australian tax rate of 30.0% (2015 - 30.0%)	<b>(92,915)</b>	(78,399)
Current year tax loss not recognised	<b>92,915</b>	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	<b>8,798,910</b>	8,500,263
Potential tax benefit @ 30.0%	<b>2,639,673</b>	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.

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## 6 Cash and cash equivalents

	Consolidated entity	
	30 June 2016 \$	30 June 2015 \$
Cash at bank	305,569	261,705
Cash on hand	194	2
	<u>305,763</u>	<u>261,707</u>

## 7 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	27,792,348	1,259,619,878	27,470,848
<b>Total share capital</b>	<b>1,522,536,545</b>	<b>27,792,348</b>	<b>1,259,619,878</b>	<b>27,470,848</b>

### Movements in ordinary share:

Details	Number of shares (thousands)	\$
Opening balance 1 July 2014	1,259,619,878	27,471,612
<b>Balance 30 June 2015</b>	<b>1,259,619,878</b>	<b>27,471,612</b>
Opening balance 1 July 2015	1,259,619,878	27,471,612
Shares issued	262,916,667	310,428
<b>Balance 30 June 2016</b>	<b>1,522,536,545</b>	<b>27,782,040</b>

### 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.

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## 7 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.

## 8 Cash flow information

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

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## 9 Earnings per share

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

	<b>Consolidated entity</b>	
	<b>Year ended</b>	
	<b>30 June</b>	30 June
	<b>2016</b>	2015
	\$	\$
<i>Basic earnings per share</i>		
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	<b>(320,828)</b>	(257,902)
Add back loss attributable to non-controlling interests	<b>11,111</b>	(3,427)
	<b><u>(309,717)</u></b>	<u>(261,329)</u>

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

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

### (c) Basic earnings per share

	<b>Consolidated entity</b>	
	<b>Year ended</b>	
	<b>30 June</b>	30 June
	<b>2016</b>	2015
	Cents	Cents
Basic earnings per share (cents)	<b>(0.023)</b>	(0.021)
Diluted earnings per share (cents)	<b>(0.023)</b>	(0.021)

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