

BKM Management Limited

Appendix 4D

Half-year Report

31 December 2016

Name of entity
BKM Management Limited

ABN or equivalent company
reference

ABN 61 009 146 543

Half-year

31 December 2016
(Previous corresponding period: 31
December 2015)

Results for announcement to the market

				\$
Revenue from ordinary activities	Down	17.0%	to	586,124
Loss before interest and taxation	Up	8.0%	to	(111,975)
Net loss after tax (from ordinary activities) for the period attributable to members	Up	8.0%	to	(111,975)

Net Tangible Assets Per Security

	31 December 2016	31 December 2015
Net Tangible Assets per security	(\$0.010)	(\$0.009)

Changes in controlled entities

None

Distributions

None

Details of Associates and Joint Ventures

None

Audit

These accounts have been subject to review and a qualified conclusion including a material uncertainty regarding going concern. Refer to the Auditors report on page 12

For personal use only

BKM Management Limited ABN 61 009 146 543
Interim report - 31 December 2016

Contents

	Page
Directors' report	1
Interim financial statements	
Consolidated statement of comprehensive income	3
Consolidated balance sheet	4
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7
Directors' declaration	11
Independent auditor's review report to the members	12

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by BKM Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of BKM Management Limited and the entities it controlled at the end of, or during, the half-year 31 December 2016.

Directors

The following persons held office as directors of BKM Management Limited during the financial period:

Mr. Alvin Tan
Mr. Evan McGregor
Mr. Benjamin Song

Review of operations

During the period under review, the company is reporting a loss of \$111,975 which is similar to the previous period. This reflects the challenging market which BKM's modelling business, Scene Model Management (Scene) operates within. This trend was reported in our previous report and the board of BKM and Scene's management are continuing to position the business to respond to the new challenges posed.

At the Corporate level, the board continued to reduce corporate and overhead costs whilst it continued to work with the management team at IGC Asia (IGC, an investment of BKM Management) with the investment opportunities identified in the primary industry and resource sectors.

The Board will keep the market updated as these opportunities develop further.

Matters subsequent to the end of the financial year

There have not been any matters or circumstances in the financial statements or notes thereto, that have arisen since the end of the financial half 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 future financial years.

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 page 2.



Mr Alvin Tan
Director

Melbourne
28 February 2017

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF BKM MANAGEMENT LIMITED
AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief during the year ended 31 December 2016 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

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

N. S. Benbow

N. S. Benbow
Director

Dated this 28th day of February 2017

**CHARTERED ACCOUNTANTS
& ADVISORS**

Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

For personal use only

BKM Management Limited
Consolidated statement of comprehensive income
For the half-year 31 December 2016

	31 December 2016	31 December 2015
	\$	\$
Revenue	586,124	708,291
Corporate administration expenses	(81,065)	(92,388)
Employment and consulting fees	(177,185)	(180,987)
Finance costs	(2,275)	(4,525)
Model and talent costs	(404,332)	(500,963)
Occupancy costs	(33,242)	(33,165)
Loss for the period	(111,975)	(103,737)
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income for the period	(111,975)	(103,737)
Loss is attributable to:		
Owners of BKM Management Limited	(111,128)	(105,041)
Non-controlling interests	(847)	1,304
	(111,975)	(103,737)
	Cents	Cents
Loss per share for profit attributable to the ordinary equity holders of the company:		
Basic loss per share	(0.008)	(0.008)
Diluted loss per share	(0.008)	(0.008)

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

For personal use only

BKM Management Limited
Consolidated balance sheet
As at 31 December 2016

		31 December 2016	30 June 2016
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		202,898	305,763
Trade and other receivables		101,073	78,157
Prepayments		8,861	1,873
Total current assets		312,832	385,793
Non-current assets			
Other financial assets	3	417,756	417,756
Intangible assets		49,878	49,878
Total non-current assets		467,634	467,634
Total assets		780,466	853,427
LIABILITIES			
Current liabilities			
Trade and other payables		734,472	696,713
Borrowings		95,039	95,039
Employee benefit obligations		55,938	18,538
Total current liabilities		885,449	810,290
Non-current liabilities			
Employee Benefits		334	36,479
Total non-current liabilities		334	36,479
Total liabilities		885,783	846,769
Net (deficiency of) assets		(105,317)	6,658
EQUITY			
Share capital	6	27,782,040	27,782,040
Accumulated Losses		(27,827,576)	(27,716,448)
Capital reserves attributable to owners of BKM Management Limited		(45,536)	65,592
Non-controlling interests		(59,781)	(58,934)
Total equity		(105,317)	6,658

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

For personal use only

BKM Management Limited
Consolidated statement of changes in equity
For the half-year 31 December 2016

Notes	Share capital \$	Accumulated Losses \$	Non- controlling interests \$	Total equity \$
Balance at 1 July 2015	27,471,612	(27,417,840)	(47,823)	5,947
Profit / (Loss) for the period	-	(105,041)	1,304	(103,737)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(105,041)	1,304	(103,737)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	282,081	-	-	282,081
Balance at 31 December 2015	27,753,693	(27,627,922)	(45,215)	80,554
	Share capital \$	Accumulated Losses \$	Non- controlling interests \$	Total equity \$
Balance at 1 July 2016	27,782,040	(27,716,448)	(58,934)	6,658
Profit / (Loss) for the period	-	(111,128)	(847)	(111,975)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(111,128)	(847)	(111,975)
Balance at 31 December 2016	27,782,040	(27,827,576)	(59,781)	(105,317)

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

For personal use only

BKM Management Limited
Consolidated statement of cash flows
For the half-year 31 December 2016

	31 December	31 December
	2016	2015
Notes	\$	\$
Cash flows from operating activities		
Receipts from customers	621,258	767,577
Payments to suppliers and employees	(724,634)	(808,563)
Interest received	511	808
Net cash (outflow) from operating activities	(102,865)	(40,178)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	-	291,500
Capital raising costs	-	(9,419)
Repayment of borrowings	-	(4,525)
Net cash inflow from financing activities	-	277,556
Net (decrease) increase in cash and cash equivalents	(102,865)	237,378
Cash and cash equivalents at the beginning of the financial year	305,763	261,707
Cash and cash equivalents at end of period	202,898	499,085

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

For personal use only

1 Basis of preparation of half-year report

This condensed consolidated interim report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

These condensed consolidated interim report do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by BKM Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) New and amended standards adopted by the group

The Consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period, being the half year ended 31 December 2016. In adopting these new and revised pronouncements, the Consolidated entity has determined that there has been no material impact to the Consolidated entity's reported position or performance.

(b) Going Concern

As at 31 December 2016 the consolidated entity incurred an operating loss of \$111,975 and net deficiency of assets was (\$105,317). The consolidated entity's cash position is \$202,898 at 31 December 2016.

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 31 December 2016 contains accrued directors fees of \$69,060 (June 2016: \$69,060), substantial creditors and related party payables for director controlled entities of \$264,816 (June 2016: \$266,166). 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 for a period of at least 12 months from the date of this report 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,
- Finally, if required, the Company has received a letter of support from one of the Directors confirming that they will provide financial support, if required, to ensure that the Consolidated Entity has sufficient working capital to pay its debts as they fall due and payable, for a period of at least 12 months from the date of this financial report.

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.

2 Dividends

The company has not declared any dividends in period ended 31 December 2016 (*31 December 2015 :Nil*)

3 Other financial assets

	31 December 2016 \$	30 June 2016 \$
Non-current assets		
Other financial assets	417,756	417,756

Significant Influence

The company has a 26% ownership of IGC Asia Pte Ltd. This is a passive investment as the company does not have position on the board and so does not control or significantly influence the financial and operating decision making or day to day operations.

4 Operating segments

(a) Identification of reportable operating segments

The consolidated entity is organised into two operating segments: modeling and corporate. 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:

Modelling - 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 receivable, 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

Geographical regions

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

For personal use only

4 Operating segments (continued)

(b) Segment Results

31 December 2016

	Modelling \$	Corporate \$	Intersegment eliminations \$	Unallocated \$	Total \$
Sales to external customers	585,346	-	-	-	585,346
Other income	267	-	-	-	267
Interest received	-	511	-	-	511
Revenue from external customers	<u>585,613</u>	<u>511</u>	<u>-</u>	<u>-</u>	<u>586,124</u>
Adjusted EBITDA	(5,648)	(104,052)	-	-	(109,700)
Finance costs	-	(2,275)	-	-	(2,275)
Loss before income tax	<u>(5,648)</u>	<u>(106,327)</u>	<u>-</u>	<u>-</u>	<u>(111,975)</u>
Assets					
Segment assets	210,012	914,576	-	49,878	1,174,466
Intersegmental eliminations	-	-	(394,000)	-	(394,000)
Total assets	<u>210,012</u>	<u>914,576</u>	<u>(394,000)</u>	<u>49,878</u>	<u>780,466</u>
Liabilities					
Segment liabilities	608,567	501,216	-	-	1,109,783
Intersegmental eliminations	-	-	(224,000)	-	(224,000)
Total liabilities	<u>608,567</u>	<u>501,216</u>	<u>(224,000)</u>	<u>-</u>	<u>885,783</u>

31 December 2015

	Modelling \$	Corporate \$	Intersegment eliminations \$	Unallocated \$	Total \$
Sales to external customers	700,515	-	-	-	700,515
Other income	6,968	-	-	-	6,968
Interest received	-	808	-	-	808
Revenue from external customers	<u>707,483</u>	<u>808</u>	<u>-</u>	<u>-</u>	<u>708,291</u>
Adjusted EBITDA	9,417	(109,896)	-	-	(100,479)
Depreciation and amortisation	(1,235)	-	-	-	(1,235)
Finance costs	-	(2,022)	-	-	(2,022)
Loss before income tax	<u>8,182</u>	<u>(111,918)</u>	<u>-</u>	<u>-</u>	<u>(103,736)</u>

30 June 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	<u>170,253</u>	<u>1,034,917</u>	<u>(394,000)</u>	<u>42,257</u>	<u>853,427</u>

For personal use only

4 Operating segments (continued)

(b) Segment Results (continued)

	Modelling \$	Corporate \$	Intersegment eliminations \$	Unallocated \$	Total \$
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

5 Contingent Liabilities and Assets

There has been no change in contingent liabilities and assets since the last reporting date.

6 Share capital

	31 December 2016 Shares	30 June 2016 Shares	31 December 2016 \$	30 June 2016 \$
Ordinary shares				
Ordinary shares - fully paid	1,522,536,545	1,522,536,545	27,782,040	27,782,040

7 Loss per share from overall operations

	31 December 2016	31 December 2015
Basic and diluted loss per share	(0.008)	(0.008)
Loss used to calculate basic and diluted EPS	(\$111,128)	(\$105,041)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	1,400,013,776	1,287,844,516

8 Fair value measurement

Due to the nature of the Group's operating profile, the Directors and management do not consider that the fair values of the Group's financial assets and liabilities are materially different from their carrying amounts at 31 December 2016

9 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 half 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 Ltd in future financial years.

In the directors' opinion:

- (a) the interim financial statements and notes set out on pages 3 to 10 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 31 December 2016 and of its performance for the half-year 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.

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



Mr Alvin Tan
Director

Melbourne
28 February 2017

For personal use only

BKM Management Limited
Independent auditor's review report to the members
31 December 2016

Independent auditor's review report to the members of
BKM Management Limited

{The Auditor's report will be provided by your Auditor.}

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BKM Management Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of BKM Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Basis for Qualified Conclusion - Carrying amount of investment in IGC Asia Pte Ltd

BKM Management Limited's investment in IGC Asia Pte Ltd, a diversified trading and logistics business based in Singapore, is carried at \$417,756 on the statement of financial position as at 31 December 2016 (30 June 2016: \$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.

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

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

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effects of the matters described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of BKM Management Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Material uncertainty regarding going concern

Without further modification to the qualified conclusion expressed above, we draw attention to Note 1(b) in the financial report, which indicates the consolidated entity incurred a net loss of \$111,975 (2015:\$103,737) during the half year ended 31 December 2016 and, as of that date, the consolidated entity's current liabilities exceeded its current assets (working capital) by \$572,951 (30 June 2016: \$424,497). The consolidated entity also incurred net cash outflows from operating activities of \$100,590 (2015: \$40,178) during the half-year ended 31 December 2016. As disclosed in Note 1(b), these events or conditions, along with the other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt about the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

A handwritten signature in blue ink that reads 'William Buck'.

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

A handwritten signature in blue ink, appearing to be 'N. S. Benbow'.

N. S. Benbow
Director

Dated this 28th day of February 2017

For personal use only