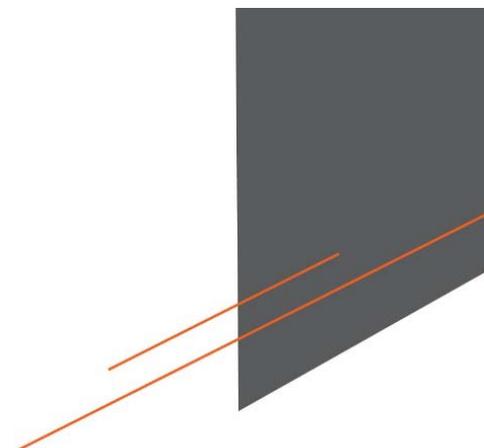


# BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868



## Appendix 4D- Half Year Report

31 December 2019

*Lodged with the ASX under Listing Rule 4.2A*

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The reporting period is the half year ended 31 December 2019 with the previous corresponding period being the half year ended 31 December 2018.

## BKI Investment Company Limited Half Year ended 31 December 2019

### Appendix 4D – Half Year Report

#### Results for Announcement to the Market

				Dec 2019	Dec 2018
			Change	\$'000	\$'000
<b>Revenue Performance:</b>					
<b>Investment revenue – Ordinary</b>	<b>Up</b>	<b>0.8%</b>	<b>to</b>	<b>26,971</b>	<b>from 26,769</b>
Special investment revenue	Down	95.8%	to	1,005	from 24,044
Total income from ordinary activities	Down	45.5%	to	<b>28,381</b>	from 52,052

#### Profits:

<b>Operating result after tax - before special investment revenue and applicable tax</b>	<b>Down</b>	<b>3.8%</b>	<b>to</b>	<b>24,521</b>	<b>from 25,479</b>
Special investment revenue net of applicable tax	Down	95.5%	to	979	from 21,617
Net profit from ordinary activities after tax attributable to shareholders	Down	45.9%	to	<b>25,500</b>	from 47,096
Net profit attributable to shareholders	Down	45.9%	to	<b>25,500</b>	from 47,096

				Dec 2019	Dec 2018
			Change	Cents	Cents
<b>Earnings per share:</b>					
<b>Basic earnings per share before special investment revenue and applicable tax</b>	<b>Down</b>	<b>4.6%</b>	<b>to</b>	<b>3.35</b>	<b>from 3.51</b>
Basic earnings per share after special investment revenue	Down	46.3%	to	<b>3.48</b>	from 6.48

#### Dividends per share:

Interim – Ordinary	<b>Steady</b>		<b>at</b>	<b>3.625</b>	<b>from 3.625</b>
Interim – Special	Down	100%	to	<b>nil</b>	from 1.500

## BKI Investment Company Limited Half Year ended 31 December 2019

### Appendix 4D – Half Year Report

#### Results for Announcement to the Market (continued)

##### Explanation of Operating Results

The net operating result after tax for the half year ended 31 December 2019 excluding special investment revenue was \$24.5 million, a decrease of 3.8% over the previous corresponding period.

The net operating profit after tax for the half year including special investment revenue was \$25.5 million, a decrease of 45.9% over the previous corresponding period. This was largely due to the large amount of special dividends received during the previous half year; including the fully franked special dividend component of the BHP off-market buy-back, and a non-cash unfranked dividend recognised from the Coles-Wesfarmers demerger.

Basic earnings per share before special investment revenue was 4.6% lower at 3.35 cents per share. While dividends and distributions were slightly higher, the revenue for bank deposits that BKI received was down 67% to only \$0.4 million due to lower term deposit rates on offer, compared to \$1.2 million last year. Basic earnings per share decreased 46.3% to 3.48 cents per share, driven by the significant decrease in special dividends received this year.

	<i>Ordinary Operations Dec 2019 \$'000</i>	<i>Special Investment Revenue Dec 2019 \$'000</i>	<i>Statutory Numbers Dec 2019 \$'000</i>	<i>Statutory Numbers Dec 2018 \$'000</i>
Revenue from investment portfolio	26,971	1,005	<b>27,976</b>	50,813
Revenue from bank deposits	403	-	<b>403</b>	1,239
Other income	2	-	<b>2</b>	-
<b>Income from operating activities</b>	<b>27,376</b>	<b>1,005</b>	<b>28,381</b>	52,052
Operating expenses	(1,123)	-	<b>(1,123)</b>	(1,068)
<b>Operating result before tax</b>	<b>26,253</b>	<b>1,005</b>	<b>27,258</b>	50,984
Income tax expense	(1,732)	(26)	<b>(1,758)</b>	(3,888)
<b>Net operating result</b>	<b>24,521</b>	<b>979</b>	<b>25,500</b>	47,096
	<i>Cents per share</i>		<i>Cents per share</i>	<i>Cents per share</i>
<b>Basic and diluted earnings per share</b>	<b>3.35</b>		<b>3.48</b>	6.48

## BKI Investment Company Limited Half Year ended 31 December 2019

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### Appendix 4D – Half Year Report

#### Results for Announcement to the Market (continued)

##### NTA Backing

	<b>31 Dec 2019</b>	31 Dec 2018
Net tangible asset backing per ordinary share before tax	<b>166.3 cents</b>	150.5 cents
Net tangible asset backing per ordinary share after tax	<b>156.1 cents</b>	145.8 cents

##### Additional Dividend Information

The directors have declared an interim ordinary dividend of 3.625 cents per share, fully franked at the tax rate of 30%. The dividend will be paid on Thursday 27 February 2020, the ex-dividend date is Friday 7 February 2020, and the Record Date for determining entitlements to the dividend is Monday 10 February 2020.

The Company will continue its Dividend Reinvestment Plan, offering shareholders the opportunity to receive additional shares in the Company instead of receiving cash dividends. The Dividend Reinvestment Plan will be offered at no discount. The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is Tuesday 11 February 2020.

Shareholders can update their election notices electronically by following the link on the Share Registry page of the BKI website. (<https://bkilimited.com.au/share-registry/>)

Shareholders are also reminded that BKI does not pay dividends by cheque to shareholders with a registered address in Australia or New Zealand. These shareholders need to complete a direct credit form and return it to BKI's share registry. Shareholders can obtain the relevant form by following the link to BKI's Share Registry: (<https://www.advancedshare.com.au/Investor-Login/>)



ABN 23 106 719 868

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INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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**BKI INVESTMENT COMPANY LIMITED**  
**ABN: 23 106 719 868**

## **CORPORATE DIRECTORY**

### **Directors**

Robert Dobson Millner	Non-Executive Director and Chairman
David Capp Hall, AM	Independent Non-Executive Director
Ian Thomas Huntley	Independent Non-Executive Director
Alexander James Payne	Non-Executive Director

### **Investment Manager**

Contact Asset Management Pty Limited (**Contact**)  
***BKI Portfolio Managers appointed by Contact***  
Tom Millner and Will Culbert

### **Company Secretary**

Jaime Pinto

### **Registered Office**

Level 14,  
151 Clarence Street  
Sydney NSW 2000

Telephone: (02) 9210 7000  
Facsimile: (02) 9210 7099

Postal Address:  
GPO Box 5015  
Sydney 2001

### **Auditors**

MGI Sydney Assurance Services Pty Limited  
Level 5  
6 O'Connell Street  
SYDNEY NSW 2000

### **Share Registry**

Advanced Share Registry Services Limited  
110 Stirling Highway  
Nedlands WA 6009

### **Australian Stock Exchange Code**

Ordinary Shares                      BKI

### **Website**

[www.bkilimited.com.au](http://www.bkilimited.com.au)

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## DIRECTORS' REPORT

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The Directors of BKI Investment Company Limited ("the Company") present the following report on the Company and its controlled entities ("the Group") for the six months to 31 December 2019.

### 1. Directors

The following persons were Directors of the Company during the half year to the date of this report:

Robert Dobson Millner	Non Executive Chairman
David Capp Hall, AM	Independent Non Executive Director
Ian Thomas Huntley	Independent Non Executive Director
Alexander James Payne	Non Executive Director

### 2. Review of the Group's operations and results

#### *Corporate Objectives*

The Group aims to generate an increasing income stream for distribution to shareholders in the form of fully franked dividends to the extent of available imputation tax credits, through long-term investment in a portfolio of assets that are also able to deliver long term capital growth to shareholders.

#### *Investment Strategy*

The Group is a research driven, long term investor focusing on well managed companies, with a profitable history and that offer attractive dividend yields. Stock selection is bottom up, focusing on the merits of individual companies rather than market and economic trends.

#### *Financial Performance*

The consolidated profit for the half year ending 31 December 2019 was \$25.5 million (2018: \$47.1 million). Special investment revenue decreased to \$1.0 million (2018: \$24.0 million), with the previous period including an abnormally high level of special dividends including the fully franked special dividend component of the BHP off-market buy-back and an unfranked demerger dividend from Wesfarmers.

Operating result after tax excluding special investment revenue decreased by 3.8% to \$24.5 million (2018: \$25.5 million).

Basic earnings per share excluding special investment revenue for the half year ending 31 December 2019 was 4.6% lower at 3.35 cents per share. While dividends and distributions were slightly higher than the prior period, the revenue for bank deposits that BKI received was down 67% to only \$0.4 million compared to \$1.2 million last year due to lower term deposit rates on offer. Basic earnings per share decreased 46.3% to 3.48 cents per share, driven by the significant decrease in special dividends received this year.

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## **DIRECTORS' REPORT (continued)**

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### **3. Significant changes in the state of affairs**

Other than as stated in the Financial Report, there were no significant changes in the state of affairs of the Company during the reporting period.

### **4. 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 25.

### **5. Rounding**

The amounts contained in this report and in the half year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations Instrument (Rounding in Financial/ Directors' Reports) 2016/191. The Company is an entity to which the legislative instrument applies.

This report is made in accordance with a resolution of the Directors.



**Robert D Millner**  
Director

**Sydney**  
**21 January 2020**

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**CONSOLIDATED INCOME STATEMENT  
FOR THE HALF YEAR TO 31 DECEMBER 2019**

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	Note	Dec 19 \$'000	Dec 18 \$'000
Revenue from investment portfolio	3 (a)	26,971	26,769
Revenue from bank deposits	3 (c)	403	1,239
Other income		2	-
		<b>27,376</b>	28,008
Income from operating activities before special investment revenue			
Operating expenses	4	(1,123)	(1,068)
Operating result before income tax expense and special investment revenue		<b>26,253</b>	26,940
Special investment revenue	3 (b)	1,005	24,044
		<b>27,258</b>	50,984
<b>Net profit before income tax</b>			
Income tax expense		(1,758)	(3,888)
		<b>25,500</b>	47,096
<b>Net operating profit for the half year</b>			
<b>Profit for the half year attributable to members of the Company</b>		<b>25,500</b>	47,096
		<b>Cents</b>	Cents
Basic and diluted earnings per share including special investment revenue	5	3.48	6.48

This Income Statement should be read in conjunction with the accompanying notes.

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**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR TO 31 DECEMBER 2019**

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	<b>Dec 19</b>	Dec 18
	<b>\$'000</b>	\$'000
Profit for the half year attributable to members of the Company	<b>25,500</b>	47,096
 <b>Other Comprehensive Income</b>		
Net realised (loss) on investment portfolio	<b>(1,031)</b>	(12,282)
Tax benefit on net realised loss on investment portfolio	<b>309</b>	3,685
Net unrealised (loss) on investment portfolio	<b>(8,771)</b>	(100,140)
Deferred tax benefit on net unrealised loss on investment portfolio	<b>2,631</b>	30,042
Total other comprehensive income	<b>(6,862)</b>	(78,695)
 <b>Total comprehensive income</b>	 <b>18,638</b>	 (31,599)

This Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	Note	Dec 19 \$'000	Jun 19 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		81,293	88,856
Trade and other receivables		4,119	9,165
Prepayments		48	23
<b>Total Current Assets</b>		<b>85,460</b>	<b>98,044</b>
<b>Non-Current Assets</b>			
Investment portfolio	6	1,135,886	1,136,573
Intangible assets		2	-
Deferred tax assets		20,345	20,230
<b>Total Non-Current Assets</b>		<b>1,156,233</b>	<b>1,156,803</b>
<b>Total Assets</b>		<b>1,241,693</b>	<b>1,254,847</b>
<b>Current Liabilities</b>			
Trade and other payables		371	307
Current tax liabilities		1,363	1,272
<b>Total Current Liabilities</b>		<b>1,734</b>	<b>1,579</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		95,823	97,840
<b>Total Non-Current Liabilities</b>		<b>95,823</b>	<b>97,840</b>
<b>Total Liabilities</b>		<b>97,557</b>	<b>99,419</b>
<b>Net Assets</b>		<b>1,144,136</b>	<b>1,155,428</b>
<b>Equity</b>			
Share Capital	7	920,645	916,233
Revaluation reserve		214,354	220,494
Realised capital gains reserve		(39,624)	(38,902)
Retained Profits		48,761	57,603
<b>Total Equity</b>		<b>1,144,136</b>	<b>1,155,428</b>

This Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR TO 31 DECEMBER 2019**

<b>Consolidated Entity</b>	Share capital	Revaluation Reserve	Realised Capital Gains Reserve	Retained Profits	Total Equity
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Total equity at 1 July 2018</b>	<b>908,015</b>	<b>190,041</b>	<b>(29,467)</b>	<b>47,025</b>	<b>1,115,614</b>
Issues of shares, net cost	3,423	-	-	-	3,423
Dividends paid or provided for	-	-	-	(26,836)	(26,836)
Revaluation of investment portfolio	-	(100,140)	-	-	(100,140)
Provision for tax on unrealised gains/losses	-	30,042	-	-	30,042
Profit for the period	-	-	-	47,096	47,096
Net realised (losses) through other comprehensive income	-	-	(8,598)	-	(8,598)
<b>Total Equity at 31 December 2018</b>	<b>911,438</b>	<b>119,943</b>	<b>(38,065)</b>	<b>67,285</b>	<b>1,060,601</b>
<b>Total equity at 1 July 2019</b>	<b>916,233</b>	<b>220,494</b>	<b>(38,902)</b>	<b>57,603</b>	<b>1,155,428</b>
Issues of shares, net cost	4,412	-	-	-	4,412
Dividends paid or provided for	-	-	-	(34,342)	(34,342)
Revaluation of investment portfolio	-	(8,771)	-	-	(8,771)
Provision for tax on unrealised gains/losses	-	2,631	-	-	2,631
Profit for the period	-	-	-	25,500	25,500
Net realised (losses) through other comprehensive income	-	-	(722)	-	(722)
<b>Total Equity at 31 December 2019</b>	<b>920,645</b>	<b>214,354</b>	<b>(39,624)</b>	<b>48,761</b>	<b>1,144,136</b>

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE HALF YEAR TO 31 DECEMBER 2019**

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	<b>Dec 19</b>	Dec 18
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	<b>(1,090)</b>	(1,905)
Dividends and distributions received	<b>32,904</b>	49,290
Other receipts	<b>2</b>	-
Interest received	<b>467</b>	1,082
Income tax paid	<b>(792)</b>	(206)
<b>Net cash inflow from operating activities</b>	<b>31,491</b>	48,261
<b>Cash flows from investing activities</b>		
Purchases for investment portfolio	<b>(65,155)</b>	(127,707)
Sales from investment portfolio	<b>55,511</b>	21,002
Capital returns received	<b>527</b>	1,130
Payments for intangible assets	<b>(2)</b>	-
<b>Net cash outflow from investing activities</b>	<b>(9,119)</b>	(105,575)
<b>Cash flows from financing activities</b>		
Proceeds from issues of ordinary shares (net of issue costs)	<b>(14)</b>	(16)
Dividends paid	<b>(29,921)</b>	(23,402)
<b>Net cash outflow from financing activities</b>	<b>(29,935)</b>	(23,418)
<b>Net decrease in cash held</b>	<b>(7,563)</b>	(80,732)
Cash at the beginning of the period	<b>88,856</b>	177,570
<b>Cash at the end of the period</b>	<b>81,293</b>	96,838

This Cash Flow Statement should be read in conjunction with the accompanying notes.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2019

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### 1. BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting, Urgent Issues Group Interpretations* and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by BKI Investment Company Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies are consistent with those applied in the 30 June 2019 Annual Report.

#### **New or amended Accounting Standards and Interpretations adopted**

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

The following new Accounting Standards and Interpretations issued by the AASB have become effective in the current accounting period:

#### **AASB 16 Leases**

*AASB 16 Leases* supersedes the previous lease accounting requirements in *AASB 117: Leases* and the related Interpretations. It introduced a single lessee accounting model by eliminating the requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership.

The Group does not have any arrangements that satisfy the definition of a Lease, and therefore the adoption of this standard has not had an impact on the financial performance or position of the Group.

#### **Impact of Standards Issued But Not Yet Applied by the Group**

The Group has not applied any Australian Accounting Standards or UIG interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2020 ("the inoperative standards").

#### **Reporting Basis and Conventions**

This financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2019 (continued)**

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**2. FINANCIAL REPORTING BY SEGMENTS**

The Group operates predominately in the securities industry in Australia and has no reportable segments.

<b>Dec 19</b>	Dec 18
<b>\$'000</b>	\$'000

**3. INCOME**

**(a) Ordinary revenue from investment portfolio**

Fully franked dividends	<b>20,388</b>	21,904
Unfranked dividends	<b>2,691</b>	1,600
Trust distributions	<b>3,892</b>	3,265
	<b>26,971</b>	26,769

**(b) Special investment revenue**

Fully franked dividends	<b>920</b>	15,953
Unfranked dividends	<b>85</b>	8,091
	<b>1,005</b>	24,044

**(c) Revenue from bank deposits**

Interest received	<b>403</b>	1,239
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**4. OPERATING EXPENSES**

Administration expenses	<b>252</b>	250
Management fees	<b>630</b>	590
Employee and director expenses	<b>157</b>	142
Professional fees	<b>84</b>	86
<b>Total operating expenses</b>	<b>1,123</b>	1,068

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2019 (continued)**

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**5. EARNINGS PER SHARE**

	<b>Dec 19</b>	Dec 18
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<b>732,553,825</b>	726,816,783
	<b>Dec 19</b>	Dec 18
	<b>\$'000</b>	\$'000
Operating profit after tax, excluding special investment revenue net of applicable tax	<b>24,521</b>	25,479
Net operating profit for the half year	<b>25,500</b>	47,096
	<b>Dec 19</b>	Dec 18
	<b>Cents</b>	Cents
Basic and diluted earnings per share on operating profit after tax, excluding special investment revenue net of applicable tax	<b>3.35</b>	3.51
Basic and diluted earnings per share including special investment revenue net of applicable tax	<b>3.48</b>	6.48
	<b>Dec 19</b>	Jun 19
	<b>\$'000</b>	\$'000

**6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO**

**Non-current investment portfolio**

Listed securities at fair value available for sale	<b>1,135,886</b>	1,136,573
<b>Total investment portfolio</b>	<b>1,135,886</b>	1,136,573

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2019 (continued)**

**6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)**

<b>Stock</b>	<b>Equities Held</b>	<b>Market Value 31 Dec 19 \$'000</b>	<b>% of Portfolio Value</b>
<b><u>Financials</u></b>			
Commonwealth Bank of Australia Limited	1,030,023	82,299	7.25
Macquarie Group Limited	562,895	77,595	6.83
National Australia Bank Limited	2,144,000	52,807	4.65
Westpac Banking Corporation Limited	1,305,518	31,633	2.78
ASX Limited	397,750	31,188	2.75
Insurance Australia Group Limited	3,443,445	26,377	2.32
Magellan Financial Group Limited	383,500	21,840	1.92
Australia & New Zealand Banking Group	780,000	19,211	1.69
Suncorp Group Limited	1,161,408	15,052	1.33
Challenger Limited	1,485,000	12,014	1.06
Milton Corporation Limited	2,103,640	10,392	0.91
Pendal Group Limited	1,093,185	9,390	0.83
Equity Trustees Limited	185,054	5,690	0.50
Platinum Asset Management	1,238,000	5,596	0.49
Evans Dixon	5,674,572	5,334	0.47
		<b>406,418</b>	<b>35.78</b>
<b><u>Industrials</u></b>			
Transurban Group	4,031,534	60,110	5.29
Sydney Airport	5,127,677	44,406	3.91
Seek Limited	537,500	12,121	1.07
CIMIC Group	216,526	7,176	0.63
Lindsay Australia Limited	17,141,631	5,999	0.53
Brambles Limited	500,576	5,867	0.52
Reece Limited	488,835	5,602	0.49
		<b>141,281</b>	<b>12.44</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2019 (continued)**

**6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)**

<b>Stock</b>	<b>Shares Held</b>	<b>Market Value 31 Dec 19 \$'000</b>	<b>% of Portfolio Value</b>
<b><u>Consumer Discretionary</u></b>			
Wesfarmers Limited	1,129,102	46,745	4.12
Invocare Limited	1,638,974	21,618	1.90
ARB Corporation Limited	945,447	17,746	1.56
Harvey Norman Holdings Limited	3,887,454	15,822	1.39
		<b>101,931</b>	<b>8.97</b>
<b><u>Consumer Staples</u></b>			
Woolworths Limited	1,428,744	51,663	4.55
Coles Group	1,129,102	16,756	1.48
Amcor Limited	846,550	13,181	1.16
Treasury Estate	669,698	10,876	0.96
Inghams Group	1,978,355	6,647	0.59
		<b>99,123</b>	<b>8.74</b>
<b><u>Utilities</u></b>			
APA Group	5,334,589	59,214	5.21
AGL Energy Limited	1,483,708	30,461	2.68
		<b>89,675</b>	<b>7.89</b>
<b><u>Health Care</u></b>			
Ramsay Health Care Limited	514,000	37,280	3.28
Sonic Healthcare Limited	960,899	27,626	2.43
Regis Healthcare Limited	1,807,428	4,446	0.39
		<b>69,352</b>	<b>6.10</b>
<b><u>Energy</u></b>			
Woodside Petroleum Limited	1,085,876	37,332	3.29
New Hope Corporation Limited	14,815,952	30,521	2.69
		<b>67,853</b>	<b>5.98</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2019 (continued)**

**6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)**

<b>Stock</b>	<b>Shares Held</b>	<b>Market Value 31 Dec 19 \$'000</b>	<b>% of Portfolio Value</b>
<b><u>Materials</u></b>			
BHP Limited	1,482,371	57,694	5.08
Brickworks Limited	436,209	8,148	0.72
		<b>65,842</b>	<b>5.80</b>
<b><u>Telecommunications Services</u></b>			
Telstra Corporation Limited	9,234,451	32,690	2.88
TPG Telecom Limited	4,819,251	32,337	2.85
		<b>65,027</b>	<b>5.73</b>
<b><u>Property</u></b>			
Goodman Limited	945,000	12,635	1.11
Lendlease	630,117	11,090	0.98
Stockland Group	1,225,000	5,659	0.50
		<b>29,384</b>	<b>2.59</b>
<b>TOTAL</b>		<b>1,135,886</b>	<b>100.00</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2019 (continued)**

	Dec 19	Jun 19
	\$'000	\$'000
<b>7. SHARE CAPITAL</b>		
<b>(a) Issued and paid-up capital</b>	<b>920,645</b>	916,233

**(b) Movement in ordinary shares**

	Dec 2019	
	Number of Shares	\$'000
Beginning of the period	730,688,257	916,233
Issues during the half year:		
- dividend reinvestment plan	2,746,116	4,421
- less transaction costs (net of tax)		(9)
<b>End of the period</b>	<b>733,434,373</b>	<b>920,645</b>

**8. DIVIDENDS**

	Dec 19	Dec 18
	\$'000	\$'000
<b>(a) Dividends paid</b>		
Final ordinary dividend for the year ended 30 June 2019 of 3.70 cents per share (2018: 3.70 cents per share) fully franked at the rate of 30%	27,035	26,836
Final special dividend for the year ended 30 June 2019 of 1.0 cents per share (2018: nil) fully franked at the rate of 30%	7,307	-
Total dividends paid	<b>34,342</b>	26,836

**(b) Dividends declared after balance date**

Since the end of the half year the Directors have declared an interim ordinary dividend for the 2020 financial year of 3.625 cents per share, fully franked at the tax rate of 30%. This dividend will be paid on 27 February 2020, but has not been recognised as liabilities at the half year.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2019 (continued)**

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**9. ACQUISITION OF CONTROLLED ENTITIES**

During the half year the Company did not acquire shares in any entities (2018: nil).

**10. RELATED PARTY TRANSACTIONS**

The Group did not enter into any new arrangements with related parties during the half year ended 31 December 2019. Ongoing arrangements with related parties of the Company in place as at 30 June 2019 continue to be in place. For details of these continuing arrangements, refer to Note 21 of the 30 June 2019 Annual Financial Report.

**11. CONTINGENT LIABILITIES**

The Group has no contingent liabilities as at 31 December 2019.

**12. COMMITMENTS**

The Group has no capital or leasing commitments as at 31 December 2019.

**13. EVENTS SUBSEQUENT TO BALANCE DATE**

Since 31 December 2019 to the date of this report there has been no event of which the Directors are aware which has had a material effect on the Group or its financial position.

**14. AUTHORISATION**

The financial report was authorised for issue on 21 January 2020 by the Board of Directors.

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## DIRECTORS' DECLARATION

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In accordance with a resolution of the Directors of BKI Investment Company Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity as set out on pages 8 to 21 are in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half year ended on that date; and
  - ii complying with the Australian Accounting Standard AASB134: *Interim Financial Reporting* and the Corporations Regulations 2001; 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.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.



**Robert D Millner**  
Director

**Sydney**  
**21 January 2020**



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BKI INVESTMENT COMPANY LIMITED AND CONTROLLED ENTITIES**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of BKI Investment Company Limited and Controlled Entities, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year ended or from time to time during the half-year.

### **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 gives a true and fair view and 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 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 BKI Investment Company 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BKI Investment Company Limited, would be in the same terms if given to the directors as at the time of this review report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BKI Investment Company Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

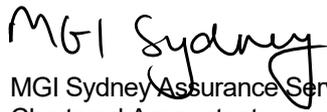
- a) giving a true and fair view of the entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

## Other Information

The directors of the Company are responsible for the other information. The other information obtained at the date of this review report comprises the information included in the Directors' Report for the half year ended 31 December 2019, but does not include the financial report and our review report thereon. Our conclusion on the financial report does not cover the other information and accordingly we do not express any form of review conclusion thereon.

In connection with our review of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the review or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

  
MGI Sydney Assurance Services Pty Limited  
Chartered Accountants



Clayton Lawrence  
Director

Sydney, 21 January 2020



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

As lead auditor for the review of BKI Investment Company Pty Limited and Controlled Entities for the half-year ended 31 December 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*MGI Sydney*

MGI Sydney Assurance Services Pty Limited  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Clayton Lawrence', is written over the printed name and title.

Clayton Lawrence  
Director

Sydney, 21 January 2020