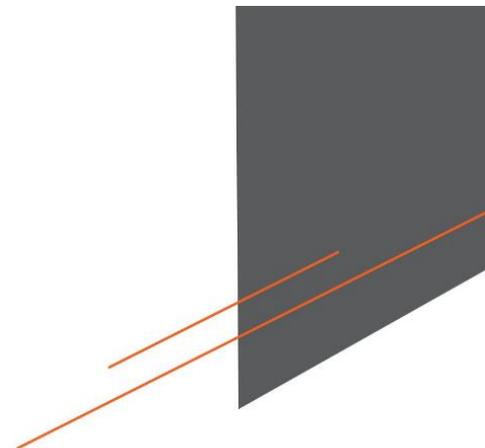


BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868



Appendix 4D- Half Year Report

31 December 2021

Lodged with the ASX under Listing Rule 4.2A

Contents

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Interim Financial Report	5-23
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The reporting period is the half year ended 31 December 2021 with the previous corresponding period being the half year ended 31 December 2020.

BKI Investment Company Limited Half Year ended 31 December 2021

Appendix 4D – Half Year Report

Results for Announcement to the Market

			Dec 2021	Dec 2020
	Change		\$'000	\$'000
Revenue Performance:				
Investment revenue - Ordinary	Up	90.3%	to 31,547	from 16,574
Special investment revenue	Up	5614.4%	to 26,229	from 459
Total income from ordinary activities	Up	250.0%	to 58,465	from 16,706

Profits:

Operating result after tax - before special investment revenue and applicable tax	Up	103.9%	to 29,490	from 14,463
Special investment revenue net of applicable tax	Up	5614.4%	to 26,229	from 459
Net profit from ordinary activities after tax attributable to shareholders	Up	273.4%	to 55,719	from 14,922
Net profit attributable to shareholders	Up	273.4%	to 55,719	from 14,922

			Dec 2021	Dec 2020
	Change		Cents	Cents
Earnings per share:				
Basic earnings per share before special investment revenue and applicable tax	Up	103.1%	to 3.98	from 1.96
Basic earnings per share after special investment revenue	Up	272.8%	to 7.53	from 2.02

Dividends per share:

Interim – Ordinary	Up	75.0%	to 3.50	from 2.00
Interim – Special	Up		to 0.50	from nil

BKI Investment Company Limited Half Year ended 31 December 21

Appendix 4D – Half Year Report

Results for Announcement to the Market (continued)

Explanation of Operating Results

BKI's Net Operating Profit After Tax, before special investment revenue, was \$29.5 million, an increase of 104% over the previous corresponding period. BKI's basic earnings per share before special investment revenue increased 103% to 3.98 cents per share.

Improved economic conditions throughout FY2021 continued into the first half of FY2022, resulting in an improvement in reported company profits and a significant rise in dividends paid by ASX-listed entities. The increase in dividends from Australian equities has positively impacted BKI's results for the first half of FY2022, with Ordinary Investment Revenue increasing 90% to \$31.5 million.

BKI also received \$26.2 million in Special Dividend Income in the first half of FY2022, up from \$0.5 million last year. BKI's Net Operating Profit After Tax, including special investment revenue for the first half of FY2022 was \$55.7 million, up 273% on last year.

BKI's basic earnings per share for the period, including special investment revenue, increased 273% to 7.53 cents per share from 2.02 cents per share last year

	<i>Ordinary Operations Dec 2021 \$'000</i>	<i>Special Investment Revenue Dec 2021 \$'000</i>	<i>Statutory Numbers Dec 2021 \$'000</i>	<i>Statutory Numbers Dec 2020 \$'000</i>
Revenue from investment portfolio	31,547	26,229	57,776	17,033
Revenue from bank deposits	44	-	44	75
Other gains/ losses	645	-	645	(402)
Income from operating activities	32,236	26,229	58,465	16,706
Operating expenses	(1,114)	-	(1,114)	(1,017)
Operating result before tax	31,122	26,229	57,351	15,689
Income tax expense	(1,632)	-	(1,632)	(767)
Net operating result	29,490	26,229	55,719	14,922
	<i>Cents per share</i>		<i>Cents per share</i>	<i>Cents per share</i>
Basic and diluted earnings per share	3.98		7.53	2.02

BKI Investment Company Limited Half Year ended 31 December 2021

Appendix 4D – Half Year Report

Results for Announcement to the Market (continued)

NTA Backing

	31 Dec 2021	31 Dec 2020
Net tangible asset backing per ordinary share before tax	178.1 cents	153.9 cents
Net tangible asset backing per ordinary share after tax	165.3 cents	146.9 cents

Additional Dividend Information

The directors have declared an interim ordinary dividend of 3.5 cents per share and an interim special dividend of 0.5 cents per share, both fully franked at the tax rate of 30%. The dividends will be paid on Thursday 3 March 2022, the ex-dividend date is Friday 11 February 2022, and the Record Date for determining entitlements to the dividends is Monday 14 February 2022.

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 15 February 2022.

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

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021



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
Jacqueline Ann Clarke	Independent Non-Executive Director

Investment Manager

Contact Asset Management Pty Limited (**Contact**)

Tom Millner BKI Portfolio Manager appointed by Contact

Will Culbert BKI Portfolio Manager appointed by Contact

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

DIRECTORS' REPORT

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 2021.

1. Directors

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

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
Jacqueline Ann Clarke	Independent Non Executive Director (appointed 18 Jan 2022)

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

Improved economic conditions throughout FY2021 continued into the first half of FY2022, resulting in improved company profits and a significant rise in dividends paid by ASX-listed entities. The increase in dividends from Australian equities positively impacted BKI's results for the first half of FY2022, with Ordinary Investment Revenue lifting 90% to \$31.5 million. The result was boosted by higher ordinary dividends received from most positions within the portfolio. Major holdings including BHP Group, Rio Tinto, National Australia Bank, Fortescue Metals, Commonwealth Bank, Macquarie Group and Reece Group all lifted their dividends over the period by more than 100% on last year.

BKI realised \$0.65 million from the trading portfolio, after the sale of Endeavour Group, received as a demerger dividend from Woolworths and the sale of Transurban Rights, received as part of the entitlement offer following the successful bid for Westconnex Assets.

BKI's Net Operating Profit After Tax, before special investment revenue, was \$29.5 million, up 104% over the previous corresponding period. BKI's basic earnings per share before special investment revenue increased 103% to 3.98 cents per share.

DIRECTORS' REPORT (continued)

BKI has also received \$26.2 million in Special Dividend Income in the first half of FY2022, up from \$0.5 million last year, after receiving special dividends from Rio Tinto Limited, Suncorp Group, Milton Corporation, Telstra Corporation and participating in the Metcash Limited, Commonwealth Bank and Woolworths Limited off market share buy backs.

BKI's Net Operating Profit After Tax, including special investment revenue for the first half of FY2022 was \$55.7 million, up 273% on last year. BKI's basic earnings per share, including special investment revenue, increased 273% to 7.53 cents per share from 2.02 cents per share last year.

Likely Developments and Expected Results

The operations of the Group will continue with planned long term investments in Australian equities and fixed interest securities where appropriate. BKI will continue its strategy of investing for the long term in a portfolio of assets to deliver shareholders an increasing income stream and long term capital growth. The success of this strategy will be strongly influenced by the performance of the underlying investee companies, their share price movements, and capital management and income distribution policies.

The performance of these companies will be influenced by general economic and market conditions such as economic growth rates, interest rates, and inflation. Performance could also be influenced by regulatory change. These external conditions are difficult to predict and not within the control of the Group, making it difficult to forecast the future results of the Group.

The COVID-19 pandemic created significant social and economic upheaval in the 2020 and 2021 calendar years, causing heightened economic uncertainty across all industries globally, and resulting in extreme fluctuations in global sharemarkets. The extent of future social, economic and financial impacts of COVID-19 will be influenced by both medical advances to address the underlying pandemic, as well as further changes in government policy and regulations in order to address these impacts. All of these changes will potentially impact the intention and/or ability of companies to generate returns and pay dividends, including those companies in which BKI invests.

However, BKI is a research driven, long term manager focusing on investing in well managed, profitable companies, focusing on the merits of individual companies rather than market and economic trends. BKI will continue to implement prudent business practice to allow the achievement of the Group's Corporate Objectives and Business Strategy.

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 26.

DIRECTORS' REPORT (continued)

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 - Chairman
Sydney
18 January 2022

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR TO 31 DECEMBER 2021**

	Note	Dec 21	Dec 20
		\$'000	\$'000
Revenue from investment portfolio	3 (a)	31,547	16,574
Revenue from bank deposits		44	75
Other gains/ (losses)	3 (c)	645	(402)
Income from operating activities before special investment revenue		32,236	16,247
Operating expenses	4	(1,114)	(1,017)
Operating result before income tax expense and special investment revenue		31,122	15,230
Special investment revenue	3 (b)	26,229	459
Net profit before income tax		57,351	15,689
Income tax expense		(1,632)	(767)
Net operating profit for the half year		55,719	14,922
Profit for the half year attributable to members of the Company		55,719	14,922
		Cents	Cents
Basic and diluted earnings per share including special investment revenue	5	7.53	2.02

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

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR TO 31 DECEMBER 2021**

	Dec 21	Dec 20
	\$'000	\$'000
Profit for the half year attributable to members of the Company	55,719	14,922
 Other Comprehensive Income		
Net realised gain on investment portfolio	15,144	31,215
Tax expense on net realised gain on investment portfolio	(4,543)	(9,364)
Net unrealised gain on investment portfolio	6,503	28,036
Deferred tax expense on net unrealised gain on investment portfolio	(1,951)	(8,411)
Total other comprehensive income	15,153	41,476
 Total comprehensive income	 70,872	 56,398

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR TO 31 DECEMBER 2021**

	Note	Dec 21 \$'000	Jun 21 \$'000
Current Assets			
Cash and cash equivalents		61,535	40,606
Trade and other receivables		3,452	36,105
Current tax assets		407	-
Prepayments		56	52
Total Current Assets		65,450	76,763
Non-Current Assets			
Financial assets - investment portfolio	6	1,253,959	1,194,994
Property, plant & equipment		1	1
Deferred tax assets		9,366	15,601
Total Non-Current Assets		1,263,326	1,210,596
Total Assets		1,328,776	1,287,359
Current Liabilities			
Trade and other payables		394	10,363
Current tax liabilities		-	1,190
Total Current Liabilities		394	11,553
Non-Current Liabilities			
Deferred tax liabilities		104,455	103,414
Total Non-Current Liabilities		104,455	103,414
Total Liabilities		104,849	114,967
Net Assets		1,223,927	1,172,392
Equity			
Share Capital	7	932,018	929,185
Revaluation reserve		234,136	229,584
Realised capital gains reserve		(18,543)	(29,144)
Retained Profits		76,316	42,767
Total Equity		1,223,927	1,172,392

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 2021**

Consolidated Entity	Share capital	Revaluation Reserve	Realised Capital Gains Reserve	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at 1 July 2021	929,185	229,584	(29,144)	42,767	1,172,392
Issues of shares, net cost	2,833	-	-	-	2,833
Dividends paid or provided for	-	-	-	(22,170)	(22,170)
Revaluation of investment portfolio	-	6,503	-	-	6,503
Provision for tax on unrealised gains	-	(1,951)	-	-	(1,951)
Profit for the period	-	-	-	55,719	55,719
Net realised gains through other comprehensive income	-	-	10,601	-	10,601
Total Equity at 31 December 2021	932,018	234,136	(18,543)	76,316	1,223,927
Total equity at 1 July 2020	924,130	130,657	(52,176)	45,296	1,047,907
Issues of shares, net cost	3,131	-	-	-	3,131
Dividends paid or provided for	-	-	-	(24,419)	(24,419)
Revaluation of investment portfolio	-	28,036	-	-	28,036
Provision for tax on unrealised gains/losses	-	(8,411)	-	-	(8,411)
Profit for the period	-	-	-	14,922	14,922
Net realised gains through other comprehensive income	-	-	21,851	-	21,851
Total Equity at 31 December 2020	927,261	150,282	(30,325)	35,799	1,083,017

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

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR TO 31 DECEMBER 2021**

	Dec 21	Dec 20
	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers and employees	(1,078)	(915)
Dividends and distributions received	61,905	22,753
Payments for held-for-trading financial assets	(9,315)	(21,310)
Proceeds from sale of held-for-trading financial assets	9,961	-
Interest received	44	75
Income tax paid	(2,232)	(1,772)
Net cash Inflow/ (outflow) from operating activities	59,285	(1,169)
Cash flows from investing activities		
Purchases for investment portfolio	(125,394)	(93,518)
Sales from investment portfolio	104,120	83,105
Capital returns received	2,258	248
Net cash outflow from investing activities	(19,016)	(10,165)
Cash flows from financing activities		
Proceeds from issues of ordinary shares (net of issue costs)	(11)	(12)
Dividends paid	(19,329)	(21,280)
Net cash outflow from financing activities	(19,340)	(21,292)
Net increase/ (decrease) in cash held	20,929	(32,626)
Cash at the beginning of the period	40,606	48,290
Cash at the end of the period	61,535	15,664

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2021

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 2021 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 2021 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.

There are no new Accounting Standards and Interpretations issued by the AASB that have become effective in the current accounting period and that are applicable to the Company:

Australian Accounting Standards not yet effective

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 2022 ("the inoperative standards"). The Group only intends to adopt the inoperative standards at the date at which their adoption becomes mandatory.

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 2021 (CONTINUED)**

2. FINANCIAL REPORTING BY SEGMENTS

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

	Dec 21	Dec 20
	\$'000	\$'000

3. INCOME

(a) Ordinary revenue from investment portfolio

Fully franked dividends	25,655	11,719
Unfranked dividends	2,887	1,854
Trust distributions	3,005	3,001
	31,547	16,574

(b) Special investment revenue

Fully franked dividends	26,229	459
	26,229	459

(c) Other gains/ (losses)

Realised gains/ (losses) on trading portfolio	645	(5)
Unrealised losses on trading portfolio	-	(397)
	645	(402)

4. OPERATING EXPENSES

Management fees	654	557
Administration expenses	234	217
Employee and director expenses	134	158
Professional fees	92	85
Total operating expenses	1,114	1,017

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2021 (CONTINUED)**

5. EARNINGS PER SHARE

	Dec 21	Dec 20
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	740,222,349	737,015,905
	Dec 21	Dec 20
	\$'000	\$'000
Operating profit after tax, excluding special investment revenue net of applicable tax	29,490	14,463
Net operating profit for the half year	55,719	14,922
	Dec 21	Dec 20
	Cents	Cents
Basic and diluted earnings per share on operating profit after tax, excluding special investment revenue net of applicable tax	3.98	1.96
Basic and diluted earnings per share including special investment revenue net of applicable tax	7.53	2.02
	Dec 21	Jun 21
	\$'000	\$'000

6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO

Non-current investment portfolio

Listed securities at fair value available for sale	1,253,959	1,194,994
Total investment portfolio	1,253,959	1,194,994

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2021 (CONTINUED)**

6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)

Stock	Equities Held	Market Value 31 Dec 21 \$'000	% of Portfolio Value
<u>Financials</u>			
Macquarie Group Limited	655,182	134,574	10.73
Commonwealth Bank of Australia Limited	867,528	87,620	6.99
National Australia Bank Limited	2,501,904	72,155	5.75
ASX Limited	210,000	19,509	1.56
Suncorp Group Limited	1,531,408	16,953	1.35
Pendal Group Limited	2,920,833	16,269	1.30
Equity Trustees Limited	383,942	10,178	0.81
E&P Financial Group Limited	6,631,759	4,079	0.33
		361,337	28.82
<u>Materials</u>			
BHP Group	2,430,000	100,845	8.04
Rio Tinto Limited	295,000	29,532	2.36
Amcor	1,670,000	27,588	2.20
Fortescue Metal Group	1,400,000	26,894	2.14
Brickworks Limited	436,209	10,539	0.84
Orora	1,600,000	5,600	0.45
		200,998	16.03
<u>Consumer Discretionary</u>			
Wesfarmers Limited	1,129,102	66,956	5.34
ARB Corporation Limited	945,447	49,645	3.96
Harvey Norman Holdings Limited	7,040,162	34,778	2.76
Invocare Limited	1,638,974	19,274	1.54
		170,653	13.60

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2021 (CONTINUED)**

6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)

Stock	Shares Held	Market Value 31 Dec 21 \$'000	% of Portfolio Value
<u>Consumer Staples</u>			
Woolworths Limited	1,159,906	44,088	3.52
Coles Group	1,129,102	20,256	1.62
Metcash Limited	3,155,862	14,201	1.13
Treasury Estate	905,155	11,206	0.89
		89,751	7.16
<u>Utilities</u>			
APA Group	8,775,389	88,280	7.04
		88,280	7.04
<u>Industrials</u>			
Transurban Group	3,485,952	48,176	3.84
Reece Limited	515,499	13,934	1.11
Aurizon Holdings	3,250,000	11,343	0.90
Lindsay Australia Limited	17,141,631	6,771	0.54
IPH Limited	665,000	5,839	0.47
		86,063	6.86
<u>Health Care</u>			
Sonic Healthcare Limited	960,899	44,807	3.57
Ramsay Health Care Limited	515,070	36,828	2.94
Regis Healthcare Limited	1,807,428	3,380	0.27
		85,015	6.78
<u>Telecommunications Services</u>			
Telstra Corporation Limited	8,524,451	35,632	2.84
TPG Telecom Limited	5,748,362	33,858	2.70
Tuas Limited	2,874,181	5,863	0.47
		75,353	6.01

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2021 (CONTINUED)**

6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)

Stock	Shares Held	Market Value 31 Dec 21 \$'000	% of Portfolio Value
<u>Energy</u>			
New Hope Corporation Limited	12,950,952	28,881	2.30
Woodside Petroleum Limited	1,175,876	25,787	2.06
Washington Souls Pattinson	391,908	11,604	0.93
		66,272	5.29
<u>Property</u>			
Goodman Limited	945,000	25,043	2.00
Stockland Group	1,225,000	5,194	0.41
		30,237	2.41
TOTAL		1,253,959	100.00

7. SHARE CAPITAL

	Dec 21 \$'000	Jun 21 \$'000
(a) Issued and paid-up capital		
Ordinary shares	932,018	929,185

(b) Movement in ordinary shares

	Dec 2021	
	Number of Shares	\$'000
Beginning of the period	739,002,595	929,185
Issues during the half year:		
- dividend reinvestment plan	1,753,396	2,841
- less transaction costs (net of tax)		(8)
End of the period	740,755,991	932,018

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2021 (CONTINUED)**

8. DIVIDENDS

	Dec 21	Dec 20
	\$'000	\$'000
(a) Dividends paid		
Final ordinary dividend for the year ended 30 June 2021 of 3.00 cents per share (2020: 2.32 cents per share) fully franked at the rate of 30%	22,170	17,064
Final special dividend for the year ended 30 June 2021 of nil cents per share (2020: 1.00 cents per share fully franked at the rate of 30%)	-	7,355
Total dividends paid	22,170	24,419

(b) Dividends declared after balance date

Since the end of the half year the Directors have declared an interim ordinary dividend for the 2022 financial year of 3.5 cents per share and a special dividend of 0.5 cents per share, both fully franked at the tax rate of 30%. These dividends will be paid on 3 March 2022, but have not been recognised as liabilities at the half year.

9. ACQUISITION OF CONTROLLED ENTITIES

During the half year the Company did not acquire shares in any entities (2020: nil).

10. RELATED PARTY TRANSACTIONS

The Group did not enter into any new arrangements with related parties during the half year ended 31 December 2021.

Contact Asset Management Pty Limited

Contact Asset Management Pty Limited (**Contact**) is the Investment Manager of the Group. Contact is an entity in which Mr RD Millner has an indirect interest.

In November 2021 the initial five-year term of the Investment Management Agreement (**IMA**) between the Parent Entity and Contact was completed. A sub-committee of the Parent Entity board (**sub-committee**), which excluded Mr RD Millner, has assessed the terms of the IMA and the performance of Contact over the initial five-year term, and reviewed Contact's plans for implementing the Groups' investment strategy in future years. The sub-committee was of the view that it was in the best interests of shareholders for Contact to continue as Investment Manager of the Group for an additional five-year term in accordance with the automatic renewal provisions of the IMA (**Extended Term**). There is no change to the terms and conditions of the IMA, including the level of management fees, during the Extended Term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2021 (CONTINUED)

10. RELATED PARTY TRANSACTIONS (continued)

Corporate and Administrative Services Pty Limited

Corporate and Administrative Services Pty Limited (**CAS**) provides the Group with administration, company secretarial and accounting services, including preparation of all financial accounts. CAS is an entity in which Mr RD Millner has an indirect interest.

During the half year the Remuneration Committee of the Parent Entity, excluding Mr RD Millner, agreed to change the mix of compensation to be paid to CAS and the BKI Company Secretary for services provided to the Group. Effective 1 July 2021, the annual service fee payable to CAS increased to \$125,000 plus GST, and the Company ceased making new grants to the Company Secretary under the BKI Incentive Scheme. All other terms and conditions of services provided by CAS and the Company Secretary remain the same.

Other related parties

All other ongoing arrangements with related parties of the Company in place as at 30 June 2021 continue to be in place. For details of these continuing arrangements, refer to Note 21 of the 30 June 2021 Annual Financial Report.

11. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2021.

12. COMMITMENTS

The Group has no capital or leasing commitments as at 31 December 2021.

13. EVENTS SUBSEQUENT TO BALANCE DATE

Jacqueline Clarke was appointed a director of the Company effective 18 January 2022.

Other than the above, since 31 December 2021 to the date of this report there has been no event of which the Directors are aware which might have a material effect on the Group or its financial position.

14. AUTHORISATION

The financial report was authorised for issue on 18 January 2022 by the Board of Directors.

DIRECTORS' DECLARATION

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 10 to 22 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 2021 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 - Chairman

Sydney
18 January 2022



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 2021, 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 2021 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 2021 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 2021, 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, 18 January 2022



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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 2021, 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 a horizontal line.

Clayton Lawrence
Director

Sydney, 18 January 2022