

ASX Announcement

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23 July 2014

BKI Correction to Announced Record Date and DRP Nomination Date

Due to a recent change to ASX timetables, the previously announced Record Date and DRP Nomination Date were incorrect.

The correct key dates for the Final Dividend are as follows:

Event	Date
Last trading date to be eligible for the Interim Dividend	11 August 2014
Ex-Dividend Date	12 August 2014
Record Date	14 August 2014
DRP Nomination Date	15 August 2014
Payment Date	28 August 2014

Updated Preliminary Final Report and Media Release

Attached to this announcement are amended versions of the 2014FY Preliminary Final Report and Media Release for the 2014FY Full Year Results that include the correct dates.

Yours sincerely



Jaime Pinto
Company Secretary

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23 July 2014

BKI Net Operating Result up 20%, Increases Ordinary Dividends by 5%

Amended ASX and Media Release – Full Year Result to 30 June 2014

FY2014 Performance Highlights

- Ordinary dividend and distribution income increased 21% to \$38.6m.
- Net Operating Result before special dividend income increased 20% to \$35.9m.
- Net Profit Attributable to Shareholders increased 11% to \$37.4m
- MER of 0.17% as at 30 June 2014.
- Basic Earnings per Share before special dividend income up 5% to 7.15cps from 6.81cps.
- Fully Franked Final Ordinary Dividend of 3.50cps, up 5% from 3.40cps.

BKI Performance Overview

BKI Investment Company Limited (“BKI”) today announced their Full Year Results to 30 June 2014.

Net Operating Result before special dividend income increased 20% to \$35.9m, whilst Basic Earnings per Share before special dividend income increased 5% to 7.15cps. Special dividend income for the year totalled \$1.5m, taking Basic Earnings per Share after special dividend income to 7.45cps.

As a result of the improved headline numbers the BKI Board was in a position to lift the Final Ordinary Dividend from 3.40cps to 3.50cps.

BKI CEO Mr Tom Millner commented: “We’ve been able to deliver to shareholders another solid result including a further lift in dividend distributions. We are conscious that many of our shareholders live on dividends that we provide and thus work extremely hard in trying to provide to them a growing income stream.”

“We continue to be ruthless on costs, we don’t charge shareholders an external portfolio management or performance fee and we have kept BKI debt free. By doing this it lays a solid foundation for us to be able to manage the portfolio for the long term with a real focus on lifting dividend distributions to our shareholders.”

BKI’s improved result was driven by higher dividend distributions from Woodside Petroleum, Suncorp Group, BHP Billiton, TPG Telecom, ANZ bank, National Australia Bank, Westpac Bank and Commonwealth Bank.

Lower contributions from UGL Limited, GWA International and ALS Limited reduced BKI’s results.

BKI also received special dividend income from Westpac Bank, New Hope Corporation, Milton Corporation, Coca-Cola Amatil and Suncorp Group. These special dividends helped lift the Net Profit attributable to shareholders by 11% to \$37.4m.

Dividends

A fully franked Final Ordinary Dividend of 3.50cps was declared, up 5% from last year. Full year ordinary dividends totalled 6.95cps, up from 6.65cps in FY2013. BKI's historical grossed up yield as at 22 July 2014 was 5.9%, based on a tax rate of 30%, rolling 12 Month Dividend and share price of \$1.69.

Key dates for the Final Dividend are as follows:

Event	Date
Last trading date to be eligible for the Interim Dividend	11 August 2014
Ex-Dividend Date	12 August 2014
Record Date	14 August 2014
DRP Nomination	15 August 2014
Payment Date	28 August 2014

Dividend Reinvestment Plan (DRP)

BKI's DRP will be maintained, offering shareholders the opportunity to acquire further ordinary shares in BKI. The DRP will not be offered at a discount. The DRP price will be calculated using the average of the daily volume weighted average sale price of BKI's shares sold in the ordinary course of trading on the ASX during the 5 trading days after, but not including, the **Record Date (14 August 2014)**.

The last day for shareholders to nominate for their participation in the DRP is **Friday 15 August 2014**.

10 Year Milestone

In December 2013, BKI reached a significant milestone by recording 10 years of being listed on the ASX. BKI has come a long way during this time with the Board and Management working hard at addressing those issues that come with being a smaller LIC. Some of those issues, and the progress achieved, include:

Issue	Action
Size and Liquidity	The shareholder base has grown from 7,832 in 2003 to over 13,000 in 2014; whilst the Portfolio Valuation has increased from \$171m at listing to over \$850m in 2014.
Cost and Structure	Internalised Management, MER reduced from 0.69% in 2003 to 0.17% in 2014.
Discount to NTA	BKI's discount to NTA has reduced from a peak of 20% in June 2008 to a premium in June 2014.
Dividend History	As at FY2014, Full Year Dividends have grown by an average of 16% a year from FY2005. BKI has also paid 5 Fully Franked Special Dividends since listing.
Company Awareness and Profile	Lifted the company awareness and profile of BKI to Advisors, Brokers and SMSF's. Won the 2011 LIC of the Year Award.

Acquisition of Unlisted Investment Company

In April 2014, BKI completed the acquisition of all the issued capital of an unlisted investment company with net assets of approximately \$4 million.

BKI CEO Mr Tom Millner said: "This private company has been a long term investor for 50 years, and has developed a portfolio of investments that was complementary to BKI's existing portfolio. The vendors now have an opportunity to enjoy the benefits of an actively managed, diversified investment portfolio without the administrative burden".

This is the first transaction of this nature completed by BKI, which will benefit existing BKI shareholders by increasing the size of BKI's portfolio in a cost-effective manner. The BKI Board looks forward to engaging in similar transactions in the future.

Capital Raising

During the year BKI successfully completed a Placement to sophisticated and professional investors and a non-renounceable Entitlement Offer to existing shareholders. BKI raised gross proceeds of approximately \$59m at \$1.48 per share in the Placement, whilst the Entitlement Offer (also done at \$1.48 per share) closed over-subscribed, raising a further \$48.1m.

On Thursday 3 July 2014 the board of directors of BKI announced details of the Share Purchase Plan (SPP). The SPP offers shareholders the opportunity to acquire up to \$15,000 worth of ordinary shares in BKI without paying any brokerage or other charges. Shareholders on the BKI register as at 7.00pm (AEST) on Wednesday 2 July 2014 with a registered address in Australia or New Zealand will be entitled to participate in the SPP (the Record Date). The closing date for the SPP will be 7.00pm (AEST) on Thursday 31 July 2014. Shares issued under the SPP will be eligible to receive the final fully franked dividend of 3.50 cps.

Portfolio Movements

The capital raising was a great opportunity to increase BKI's exposure to the market and take advantage of dividend income and franking credits on offer by many stocks within the local market. BKI deployed funds of approximately \$140m into the market over FY2014; whilst sales totalled approximately \$25m.

Major investments during the year included ANZ Banking Corporation, Westpac Banking Corporation, Primary Health Care, APA Group, Telstra Corporation, Insurance Australia Group and Transurban Group. New positions in Duet Group, Toll Holdings, IOOF Holdings, Maxitans Industries and Equity Trustees were established.

Disposals included Metcash Limited, Gazal Corporation, Tabcorp Holdings, Fleetwood Corporation, Recall Holdings and the balance of the QBE Insurance Group position.

Top 25 Investments

	Stock	% of Total Portfolio
1	Commonwealth Bank	9.5%
2	National Australia Bank	8.9%
3	Westpac Banking Corporation	8.1%
4	BHP Billiton	6.0%
5	Telstra Corporation	5.3%
6	ANZ Banking Corporation	4.8%
7	New Hope Corporation	4.6%
8	Wesfarmers Limited	4.4%
9	Woolworths Limited	3.6%
10	TPG Telecom Limited	2.9%
11	APA Group	2.3%
12	AGL Energy	2.3%
13	Woodside Petroleum	2.1%
14	ALS Limited	2.1%
15	Insurance Australia Group	1.7%
16	Suncorp Group	1.4%
17	Transurban Group	1.3%
18	ARB Corporation	1.3%
19	Invocare Limited	1.2%
20	Bendigo and Adelaide Bank	1.2%
21	Coca-Cola Amatil	1.2%
22	Bank of Queensland	1.2%
23	Milton Corporation	1.1%
24	Ramsay Health Care	1.0%
25	Perpetual Limited	1.0%
	Cash and cash equivalents	5.7%
	% of Total Portfolio Value	86.2%

Performance

BKI's Total Shareholder Returns (including the reinvestment of dividends) for the year to 30 June 2014 was 21.0%, outperforming the S&P/ASX 300 Accumulation Index over the same period by 3.7%.

BKI's Net Portfolio Return (after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends) for the year to 30 June 2014 was 11.2%, compared to the S&P/ASX 300 Accumulation Index which returned 17.3% over the same period.

10 year returns for BKI's Total Shareholder Returns and Net Portfolio Return were achieved over the period. The returns outlined below are after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends. These results also exclude the value of franking credits which have been passed on by BKI to its shareholders.

BKI Performance as at 30 June 2014	1 Year	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	10 Yrs (pa)
S&P/ASX 300 ACC INDEX (XKOAI)	17.3%	9.9%	11.0%	2.1%	8.9%
BKI Portfolio Performance	11.8%	9.8%	11.0%	4.1%	9.2%
BKI Portfolio Outperformance V's XKOAI	-5.5%	-0.1%	0.0%	2.0%	0.3%
BKI Total Shareholder Returns (TSR)	21.0%	16.7%	15.1%	6.4%	10.5%
BKI TSR Outperformance V's XKOAI	3.7%	6.8%	4.1%	4.3%	1.6%

Outlook

The low interest rate environment both domestically and offshore remains, which has forced retail investors and SMSFs to continue to search for income outside of term deposits and other cash products. As such we have seen the Australian share market appreciate considerably over the last year with the S&P/ASX300 Accumulation Index returning 17.3%.

We await the upcoming reporting season with interest. Despite what many are saying about an overvalued market, for the long term investor there are currently opportunities to deploy funds in well managed, profitable, dividend paying stocks. There may also be some short term disappointment in earnings growth during this reporting season, especially from stocks within the industrial, consumer discretionary and resources space. We believe this could also provide a good buying opportunity for the broader market should it eventuate. BKI remains in a strong financial position with no debt, and cash and cash equivalents representing 5.7% of the total portfolio.

For further information contact:

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Amended ASX Appendix 4E and

Preliminary Final Report

30 June 2014

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The reporting period is the year ended 30 June 2014 with the previous corresponding period being the year ended 30 June 2013

BKI Investment Company Limited

Year ended 30 June 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	% Change			\$'000
Revenue Performance:				
Total Income - Ordinary	Up	20.6%	to	38,562
Total Income - Special	Down	59.3%	to	<u>1,499</u>
Total Revenue from Ordinary Activities	Up	12.4%	to	40,061
Profits:				
Net Operating Result before special dividend income	Up	20.1%	to	35,940
Dividend Income - Special	Down	59.3%	to	<u>1,499</u>
Net Profit from ordinary activities after tax attributable to shareholders	Up	11.4%	to	37,439
Net Profit attributable to shareholders	Up	11.4%	to	37,439
Portfolio:				
Total Portfolio Value (including cash)	Up	26.1%	to	853,371
Earnings Per Share:				Cents
Basic Earnings Per Share <u>before</u> special dividend income	Up	5.0%	to	7.15
Basic Earnings Per Share <u>after</u> special dividend income	Down	2.7%	to	7.45
Dividends:				
Interim - Ordinary	Up	6.2%	to	3.45
Final - Ordinary	Up	2.9%	to	<u>3.50</u>
Full Year Total - Ordinary	Up	4.5%		6.95
Full Year Total - Specials	Down	100.0%	to	<u>-</u>
Full Year Total Dividends	Down	11.2%		6.95

BKI Investment Company Limited

Year ended 30 June 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET- Continued

Explanation of Operating Results

BKI's Net Operating Result before special dividend income increased 20.3% to \$36.0m. The result highlights the advantages of holding a long term, diversified portfolio of companies in varying sectors. BKI's improved result was driven by higher dividend distributions from Woodside Petroleum, Suncorp Group, BHP Billiton, TPG Telecom, ANZ Bank, National Australia Bank, Westpac Bank and Commonwealth Bank. BKI also received special dividend income from Westpac Bank, New Hope Corporation, Milton Corporation, Coca-Cola Amatil and Suncorp Group. These special dividends helped lift the Net Profit attributable to shareholders by 11% to \$37.4m..

NTA Backing

	30 June 2014	30 June 2013
Net Tangible Asset backing per ordinary share before tax	\$1.63	\$1.52
Net Tangible Asset backing per ordinary share after tax	\$1.51	\$1.44

Additional Dividend Information

A final dividend of 3.5 cents per share fully franked at the tax rate of 30% will be paid on 28th August 2014. The Record date for determining entitlements to the dividend will be Thursday 14th August 2014.

The Company has a Dividend Reinvestment Plan in operation offering shareholders the opportunity to receive additional shares in the Company instead of receiving cash dividends. No discount will apply to the Dividend Reinvestment Plan.

The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is Friday 15th August 2014.

Shareholders can update their election notices electronically by following the link on the Share Registry page of the BKI Investment Company Limited website. (www.bkilimited.com.au)

Other Information

This report is based on accounts which have been audited.



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PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

BKI Investment Company Limited
Year ended 30 June 2014

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 \$ '000	2013 \$ '000
Revenue from investment portfolio	2 (a)	36,539	30,312
Revenue from bank deposits	2 (c)	1,791	1,463
Other Gains	2 (d)	232	196
Income from operating activities before special investment revenue		38,562	31,971
Operating Expenses	3	(1,251)	(1,156)
Expenses associated with acquisition of controlled entity		(75)	-
Operating Result before income tax expense and special investment revenue		37,236	30,815
Income Tax Expense		(1,296)	(888)
Net Operating Result before special investment revenue		35,940	29,927
Special Investment Revenue	2 (b)	1,499	3,685
Net Operating Profit		37,439	33,612
Profit for the year attributable to members of the Company		37,439	33,612
		2014 Cents	2013 Cents
Basic and diluted Earnings Per Share before special dividend income	4	7.15	6.81
Basic and diluted earnings per share after special dividend income		7.45	7.65

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

BKI Investment Company Limited
Year ended 30 June 2014

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Consolidated	
	2014	2013
	\$ '000	\$ '000
Profit for the year attributable to members of the Company	37,439	33,612
Other Comprehensive Income		
Unrealised gains on investment portfolio	73,069	95,396
Deferred tax expense on unrealised gains on investment portfolio	(21,921)	(28,619)
Realised losses on investment portfolio	(15,694)	(2,537)
Tax benefit relating to realised losses on investment portfolio	4,708	761
Total Other Comprehensive Income	40,162	65,001
Total Comprehensive Income	77,601	98,613

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

BKI Investment Company Limited
Year ended 30 June 2014

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2014

	Note	Consolidated 2014 \$ '000	2013 \$ '000
Current Assets			
Cash and cash equivalents		40,960	36,230
Trade and other receivables		7,488	6,232
Trading portfolio	5	761	-
Prepayments		20	25
Total Current Assets		49,229	42,625
Non-Current Assets			
Investment portfolio	5	804,162	634,123
Property, plant & equipment		11	4
Deferred tax assets		10,352	4,966
Total Non-Current Assets		814,525	639,093
Total Assets		863,754	681,718
Current Liabilities			
Trade and other payables		291	385
Current tax liabilities		230	-
Employee benefits		18	15
Total Current Liabilities		539	400
Non-Current Liabilities			
Deferred tax liabilities		71,769	49,286
Total Non-Current Liabilities		71,769	49,286
Total Liabilities		72,308	49,686
Net Assets		791,446	632,032
Equity			
Share capital	6	599,124	484,198
Revaluation reserve		164,646	113,498
Realised capital gains reserve		(12,237)	(1,251)
Retained profits		39,913	35,587
Total Equity		791,446	632,032

This Balance Sheet should be read in conjunction with the accompanying notes.

BKI Investment Company Limited
Year ended 30 June 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share Capital \$ '000	Revaluation Reserve \$ '000	Realised Capital Gains Reserve \$ '000	Retained Profits \$ '000	Total Equity \$ '000
Total equity at 1 July 2012	460,080	46,721	525	32,313	539,639
Issue of shares, net of cost	24,118	-	-	-	24,118
Dividends paid or provided for	-	-	-	(30,338)	(30,338)
Revaluation of investment portfolio	-	95,396	-	-	95,396
Provision for tax on unrealised gains	-	(28,619)	-	-	(28,619)
Profit for the year	-	-	-	33,612	33,612
Net realised losses through other comprehensive income	-	-	(1,776)	-	(1,776)
Total equity at 30 June 2013	484,198	113,498	(1,251)	35,587	632,032
Total equity at 1 July 2013	484,198	113,498	(1,251)	35,587	632,032
Issue of shares, net of cost	114,926	-	-	-	114,926
Dividends paid or provided for	-	-	-	(33,113)	(33,113)
Revaluation of investment portfolio	-	73,069	-	-	73,069
Provision for tax on unrealised gains	-	(21,921)	-	-	(21,921)
Profit for the year	-	-	-	37,439	37,439
Net realised losses through other comprehensive income	-	-	(10,986)	-	(10,986)
Total equity at 30 June 2014	599,124	164,646	(12,237)	39,913	791,446

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

BKI Investment Company Limited
Year ended 30 June 2014

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated 2014 \$ '000	2013 \$ '000
Cash flows from operating activities			
Payments to suppliers and employees		(1,351)	(1,314)
Dividends and distributions received		36,862	32,607
Payments for trading portfolio		(1,510)	(646)
Proceeds from sale of trading portfolio		2,577	842
Interest received		1,743	1,284
Interest paid		(3)	-
Income tax paid		(499)	(1,026)
Net cash inflow from operating activities		37,819	31,747
Cash flows from investing activities			
Cash acquired on acquisition of controlled entity		702	-
Payments for investment portfolio		(132,324)	(21,115)
Proceeds from sale of investment portfolio		21,236	6,822
Payments for plant and equipment		(10)	-
Net cash outflow from investing activities		(110,396)	(14,293)
Cash flows from financing activities			
Proceeds from issues of ordinary shares less issue costs		105,190	18,946
Dividends paid	7	(27,882)	(25,166)
Net cash inflow/(outflow) from financing activities		77,308	(6,220)
Net increase in cash held		4,731	11,234
Cash at the beginning of the year		36,230	24,996
Cash at the end of the year		40,961	36,230

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

BKI Investment Company Limited

Year ended 30 June 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the parent entity of BKI Investment Company Limited and controlled entities. BKI Investment Company Limited is a listed public company, incorporated and domiciled in Australia.

(a) Basis of Preparation

Reporting Basis and Conventions

The 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.

The accounting policies are consistent with those applied in the 30 June 2013 Annual Report.

BKI Investment Company Limited
Year ended 30 June 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

	Consolidated	
	2014	2013
	\$ '000	\$ '000
2. Revenues		
(a) Revenue from investment portfolio		
Fully franked dividends:	33,176	28,150
Unfranked dividends:	1,285	1,495
Trust Distributions:	2,078	667
Total ordinary revenue from investment portfolio	36,539	30,312
(b) Special investment revenue		
Fully franked dividends:	1,114	3,655
Unfranked dividends:	385	30
Total special revenue from investment portfolio	1,499	3,685
(c) Revenue from bank deposits		
Interest received	1,791	1,463
(d) Other gains		
Net realised gain on sale of investments held for trading	234	196
Net unrealised gain on investments held for trading	(2)	-
Total other gains	232	196
Total Income	40,061	35,656
3. Operating Expenses		
Administration expenses	371	305
Occupancy costs	11	8
Employment expenses	707	677
Professional fees	156	165
Depreciation	3	1
Interest Expense	3	-
Total operating expenses	1,251	1,156

BKI Investment Company Limited
Year ended 30 June 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

	Consolidated	
	2014	2013
	\$ '000	\$ '000
4. Earnings Per Share		
Net Operating Profit	<u>37,439</u>	33,612
Earnings used in calculating basic and diluted earnings per share	<u>35,940</u>	29,982
	2014	2013
	No. ('000)	No. ('000)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	502,728	439,281
Basic and diluted earnings per share <u>before</u> special dividend income (cents)	7.15	6.81
Basic and diluted earnings per share <u>after</u> special dividend income (cents)	7.45	7.65
5. Financial Assets - Investment Portfolio		
Trading Portfolio - Current		
Listed securities at fair value held for trading:	<u>761</u>	-
Investment Portfolio - Non-Current		
Listed securities at fair value available for sale:	<u>804,162</u>	634,123
	<u>804,162</u>	634,123
Total Investment Portfolio	<u>804,923</u>	634,123

BKI Investment Company Limited
Year ended 30 June 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

6. Share Capital

	Consolidated			
	2014	2013		
	\$ '000	\$ '000		
(a) Issued and paid-up capital				
524,240,486 ordinary shares fully paid (2013: 446,139,639)	599,124	484,198		
(b) Movement in ordinary shares				
	2014		2013	
	Number of	\$'000	Number of	\$'000
	Shares		Shares	
Beginning of the financial year	446,139,639	484,198	427,516,347	460,080
Issued during the year:				
- dividend reinvestment plan	3,298,704	5,231	3,828,600	5,171
- share purchase plan	-	-	14,794,692	19,085
- placement	39,900,000	59,052		
- rights issue	32,468,378	48,053		
- consideration on acquisition of subsidiary	2,433,765	3,931	-	-
- less net transaction costs		(1,341)		(138)
End of the financial year	524,240,486	599,124	446,139,639	484,198

BKI Investment Company Limited
Year ended 30 June 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014 (continued)

	2014 \$ '000	2013 \$ '000
7. Dividends		
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2013 of 3.40 cents per share (2012 final: 3.20 cents per share) fully franked at the tax rate of 30%, paid on 30 August 2013	15,169	13,681
Interim dividend for the year ended 30 June 2014 of 3.45 cents per share (2013 interim: 3.25 cents per share) fully franked at the tax rate 30%, paid on 28 February 2014	17,944	14,436
Interim special dividend for the year ended 30 June 2014 of Nil cents per share (2013 interim: 0.50 cents per share fully franked at the tax rate 30%)	-	2,221
Total	33,113	30,338
Dividends paid in cash or invested in shares under the dividend reinvestment plan ("DRP")		
Paid in cash	27,882	25,166
Reinvested in shares via DRP	5,231	5,172
Total	33,113	30,338

(b) Dividends declared after balance date

Since the end of the financial year the Directors have declared a final ordinary dividend for the year ended 30 June 2014 of 3.50 cents per share (2013: final 3.40 cents per share) fully franked at the tax rate of 30%, payable on 28 August 2014, but not recognised as a liability at the year end.

BKI Investment Company Limited

Year ended 30 June 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014 (continued)

	2014 \$ '000	2013 \$ '000
7. Dividends (Continued)		
(c) Franking Account Balance		
Balance of the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	20,987	18,883
Estimated* impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year	(7,864)	(6,501)
Net available	13,123	12,382

On 3 July 2014 the Company announced details of a Share Purchase Plan ("SPP") - refer note 10. Shares issued under the SPP will be entitled to receive the 2014 final ordinary dividend of 3.50 cents per share declared by the directors. However, since the number of shares that will be issued under the SPP is not known, the above calculation does not take into account dividends payable in respect of shares issued under the SPP.

8. Acquisition of Controlled Entities

During the year the Company acquired 100% of the shares of an unlisted investment company for a consideration of 2,433,765 new shares in BKI Investment Company Limited (2013FY: No acquisitions were made). Based on an issue price of \$1.615 per share, the consideration for the acquisition had a fair value of \$3,930,530.

9. Contingent Liabilities

The Company has no contingent liabilities at 30 June 2014.

10. Events Subsequent to Balance Date

On 3 July 2014 the Company announced details of a Share Purchase Plan ("SPP") for eligible existing shareholders of BKI. The offer period for the SPP opened on 10 July 2014 and will close on 31 July 2014, with new shares scheduled to be issued on 8 August 2014 in satisfaction of application monies paid by investors.

Since 30 June 2014 to the date of this report, other than the SPP, there has been no event of which the Directors are aware which has had a material effect on the Company or its financial position.

11. Financial Reporting by Segments

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BKI INVESTMENT COMPANY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of BKI Investment Company Limited (the company) and BKI Investment Company Limited and Controlled Entities (the consolidated entity), which comprises the statements of financial position as at 30 June 2014, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that give a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

In conducting our audit, 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 provided to the directors as at the date of this audit report.



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Auditor's Opinion

In our opinion:

- (a) The financial report of BKI Investment Company Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of BKI Investment Company Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ruwald & Evans

RUWALD & EVANS



Martin Bocxe
Partner

Level 1, 276 Pitt Street, SYDNEY NSW 2000

22 July, 2014



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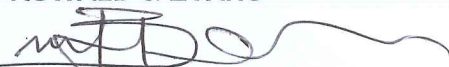
Auditors' Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of BKI Investment Company Limited and Controlled Entities

I declare that to the best of my knowledge and belief, during the year ended 30 June 2014, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ruwald & Evans

RUWALD & EVANS



Martin Bocxe
Partner

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SYDNEY NSW 2000

22 July, 2014

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