



1st Half FY2015 Result Presentation
January 2015

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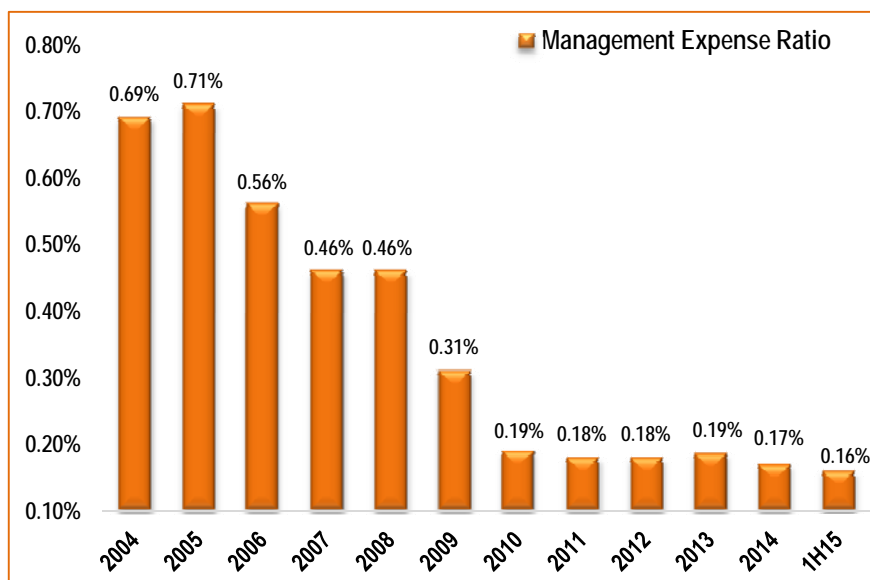
BKI Overview

- BKI is a research driven, active equities manager investing for the long term in profitable, high yielding, well managed companies.
- We are a closed end company and do not charge external portfolio management or performance fees.
- Our aim is to create wealth for BKI shareholders, through an increasing fully franked dividend and capital growth.

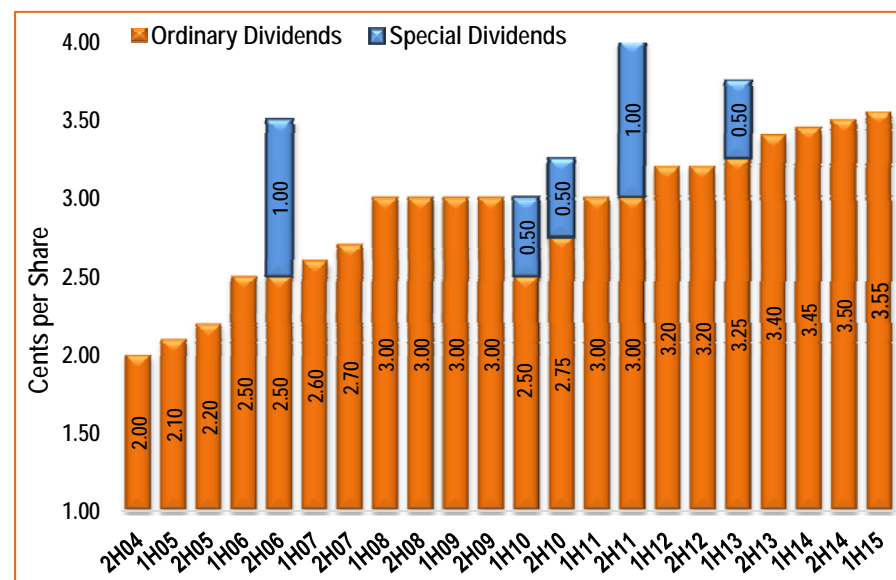
Why we do what we do

The Board and Management are shareholders in BKI, that's why we:

1. Don't charge external portfolio management or performance fees.
2. Invest for the long term in profitable, high yielding, well managed companies.
3. Focus on creating wealth for all shareholders - through an increasing dividend, distribution of franking credits and capital growth.



Low Costs - BKI Management Expense Ratio



Growing Fully Franked Dividends - BKI Dividends paid to shareholders

BKI Overview - Why LIC's?

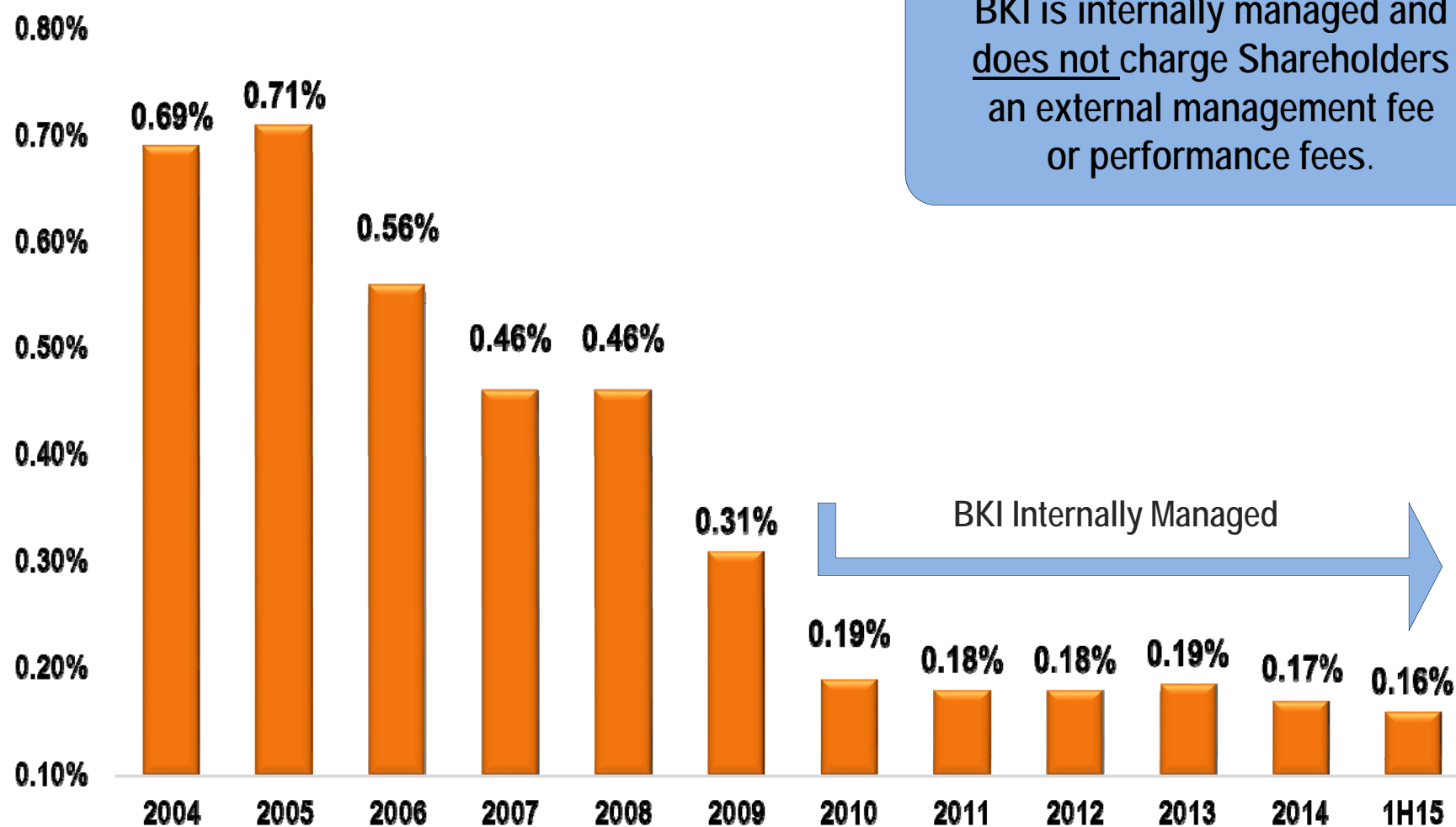
<u>Low Cost</u>	MER of 0.16%. No external management or performance fees
<u>Tax Effective</u>	All dividends have been fully franked
<u>Capital Management</u>	5 Fully Franked Special Dividends distributed since listing in 2003.
<u>Performance</u>	Delivered sound Total Shareholder Returns and dividend growth.
<u>Diversification</u>	Exposure to well managed, dividend paying stocks through BKI.ASX.
<u>Simplicity</u>	Single shareholding, administration simplicity; 2X dividend statements p.a.
<u>Liquidity</u>	BKI shares trade on the ASX. 13,300+ shareholders. Settlement T+3 Days.
<u>Size and Strength</u>	BKI's Market Capitalisation is \$879m as at 31 December 2014. No Debt.
<u>Transparency</u>	Top 25 Investments, Cash, Performance and NTA disclosed monthly.
<u>Compliance</u>	ASX Listing Rules, Continuous Disclosure requirements.

Results Highlights

	1H 2015	1H 2014	Growth
Ordinary Dividend Income	\$20.2m	\$18.2m	11%
Net Operating Result*	\$20.8m	\$18.0m	16%
Earnings Per Share*	3.80cps	3.72cps	2%
Total Ordinary Dividends Per Share	3.55cps	3.45cps	3%
MER	0.16%	0.17%	-4%
Portfolio Valuation	\$907m	\$851m	7%

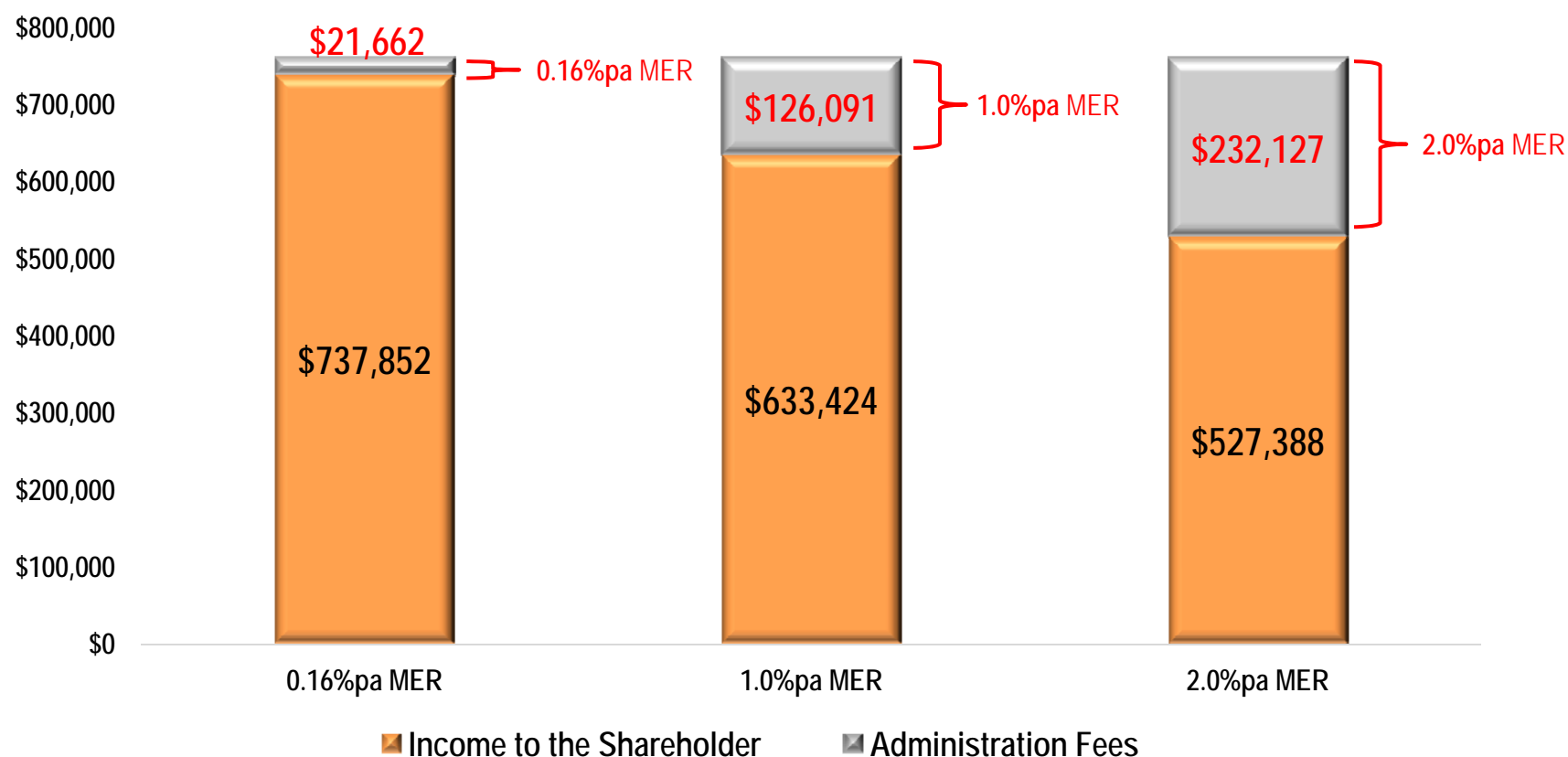
* Excluding Special Dividends

Management Expense Ratio



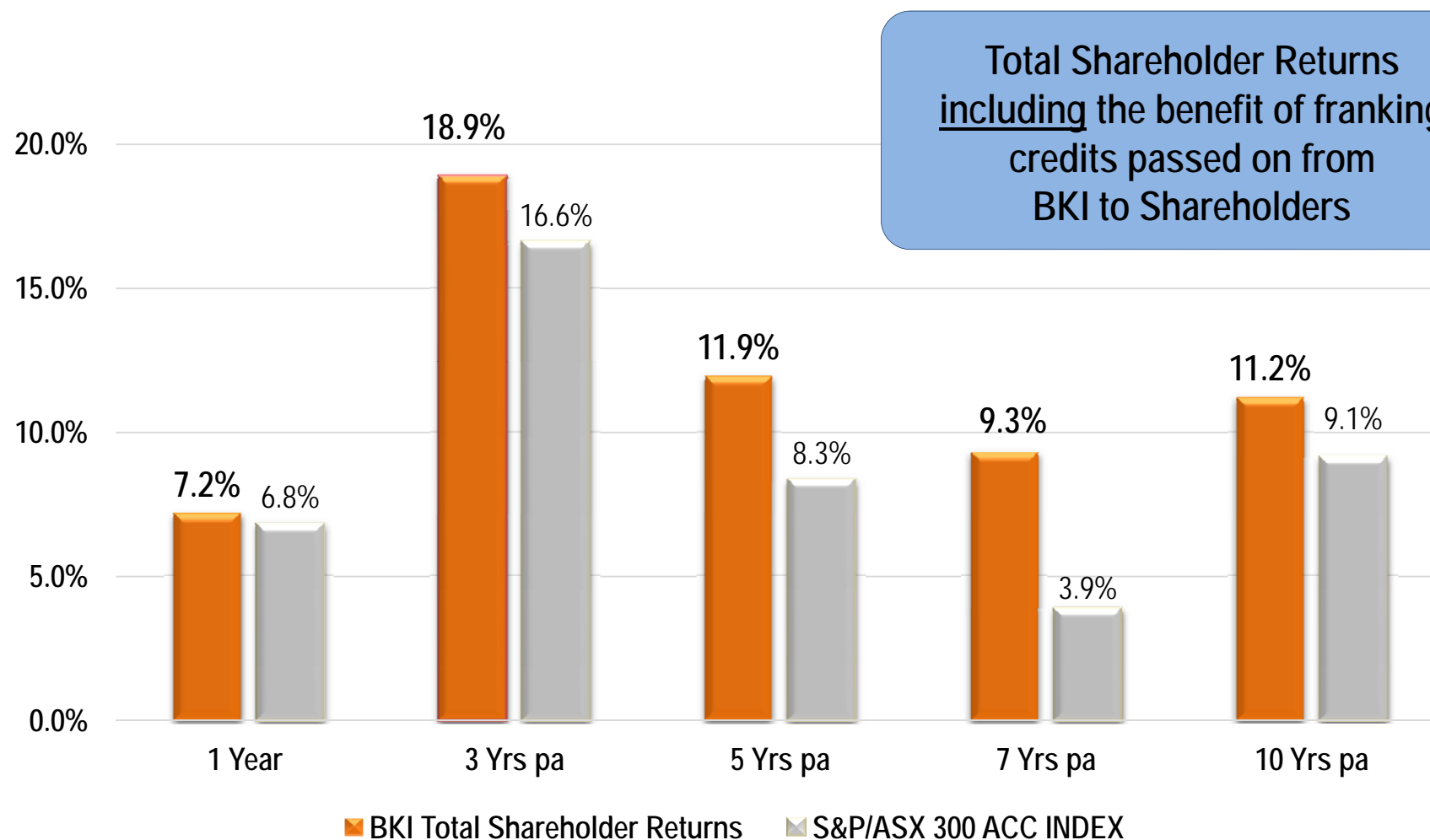
The Power of a Low Cost LIC*

Over 20 years, administration fees of 2.0% can dilute the total return by more than 30%!



*Based on \$100k investment in a Listed Investment Company, using a 10% return pa over a 20 year period.

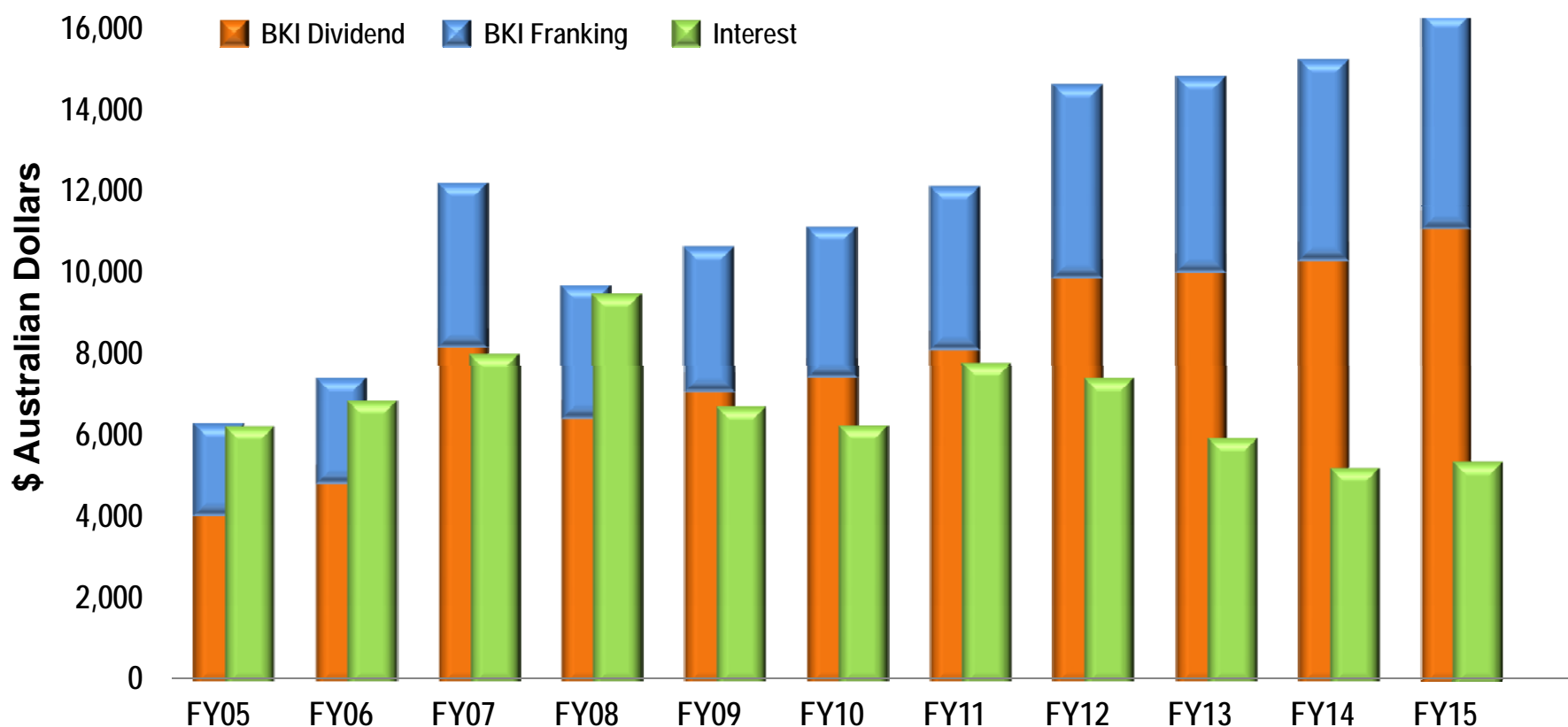
Total Shareholder Returns*



*Based on a tax rate of 30% and shareholders being able to utilise all franking credits. S&P/ASX 300 Accumulation Index franked at 80%.

Growing Income Stream

Dividends + Franking Credits received from a \$100,000 investment in BKI at inception versus Bank Quarterly Interest. Highlights the opportunity of receiving a fully franked dividend in a falling interest rate environment.



Source: BKI; IRESS. An investor who spent the equivalent of \$100,000 to purchase BKI shares upon listing in December 2003 would now be receiving fully franked dividends of \$11,250pa. The franking credits enhance the income by a further \$4,822 (total income of \$16,072). The same investment in a term deposit (based on the cash rate) would be earning pre tax interest of \$5,066pa with no franking credits. Figures include reinvestment of dividends and cash, Ignores capital appreciation of BKI shares. Assumes tax rate of 30%.

Top 25 Shareholdings

As at 31 December 2014

Diversification

BKI's portfolio is comprised of dividend paying, well managed companies. Exposure to most sectors of the market.

High Conviction

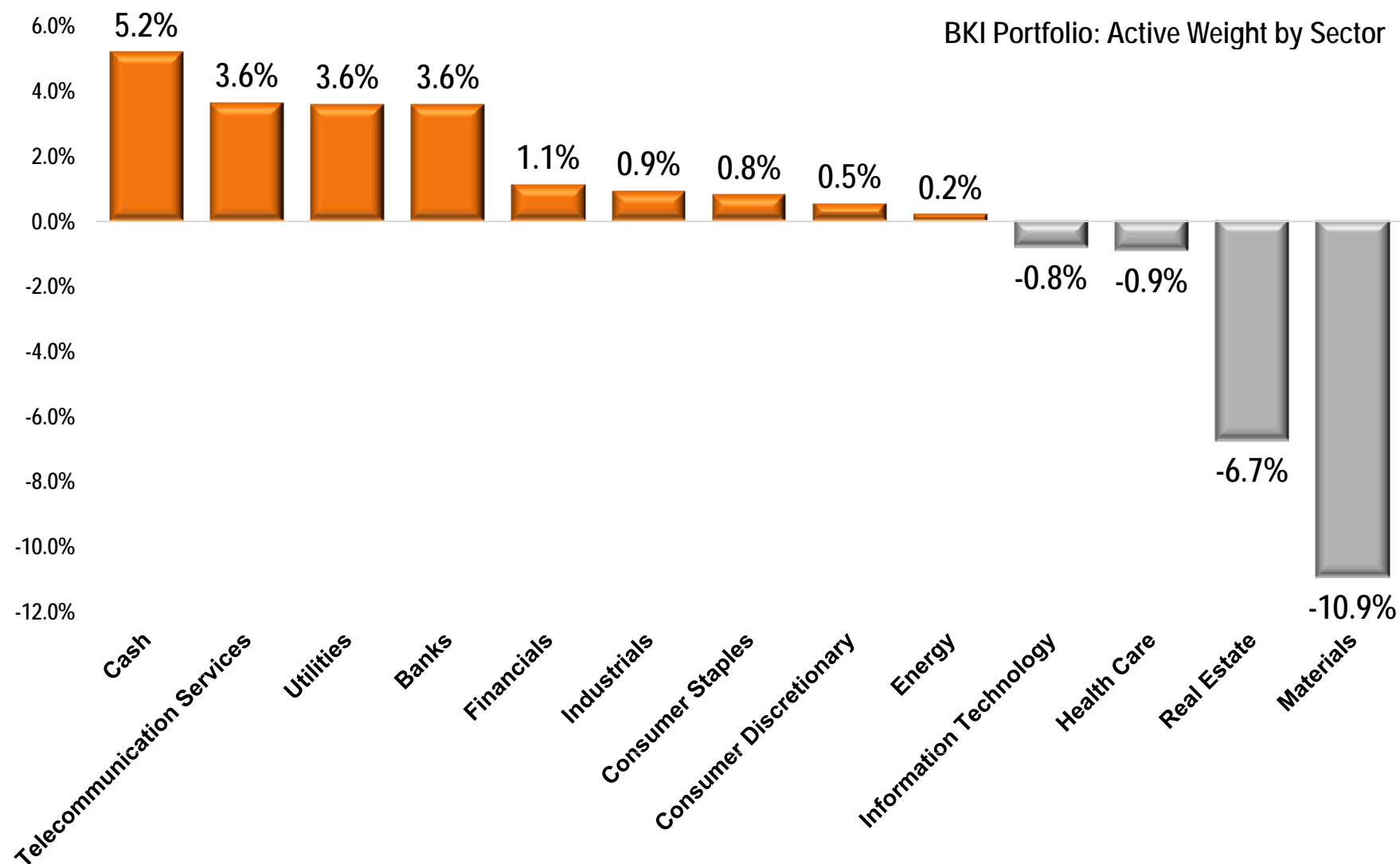
Benchmark Unaware – BKI's long term strategy of investing in dividend paying stocks means the portfolio is not aligned with an index.

Transparency

Top 25 and Cash account for ~85% of BKI's total portfolio. Disclosed monthly with NTA release to the ASX.

Top 25 Investments – December 2014		
1	Commonwealth Bank	9.5%
2	National Australia Bank	8.7%
3	Westpac Banking Corporation	7.6%
4	Telstra Corporation	5.7%
5	BHP Billiton Limited	4.7%
6	ANZ Bank Limited	4.7%
7	Wesfarmers Limited	4.5%
8	New Hope Corporation	4.0%
9	TPG Telecom	3.3%
10	Woolworths Limited	3.0%
11	APA Group	2.3%
12	IAG Limited	2.2%
13	Transurban Group	2.0%
14	AGL Energy	1.8%
15	Invocare Limited	1.8%
16	Woodside Petroleum Limited	1.8%
17	Suncorp Group Limited	1.8%
18	Ramsay Health Care	1.4%
19	ASX Limited	1.3%
20	Primary Health Care Limited	1.3%
21	Toll Holdings Limited	1.2%
22	ARB Corporation	1.2%
23	Bendigo and Adelaide Bank	1.2%
24	ALS Limited	1.2%
25	Sonic Healthcare	1.2%
	Cash & Cash Equivalents	5.3%
Total		84.7%

Sector Over/Underweights



Portfolio Movements

Finance

- Technology and the switch to on-line
- Market domination
- Highly regulated



Healthcare

- Aging and growing population
- Hospital expenditure; playing catch up
- Technology improvements



Portfolio Movements

Energy

- Global shortage of cheap reliable energy
- Population growth and further urbanization
- “Free” Cash Flow verses “Operating” Cash Flow



Infrastructure

- Long term passive investments
- Gas Distribution
- Road Networks and Freight Distribution

APA Group



Experience and Alignment as at 31 December 2014

Team Member	Qualifications	Position	Investment Experience	Tenure With BKI	Equity Ownership ¹
Robert Millner	FAICD	Chairman Investment Committee	31 yrs	11 yrs	8,478,120
David Hall, AM	FCA, FAICD	Non Executive Director Chairman Audit Committee	35 yrs	11 yrs	277,970
Alex Payne	B.Comm, Dip Cm, FCPA, FCIM	Non Executive Director Investment Committee	27 yrs	11 yrs	286,194
Ian Huntley	BA	Non Executive Director Investment Committee	40 yrs	5 yrs	11,224,980
Tom Millner	B.Des (Ind), GDipAppFin, F.Fin, GAICD	CEO Investment Committee	13 yrs	11 yrs	7,597,492
Will Culbert	B.Bus, GDipAppFin, F.Fin, M.Comm	Senior Investment Analyst	15 yrs	1 yr	84,076
Jaime Pinto	B.Comm, CA	Company Secretary	20 yrs	3 yrs	39,149
TOTAL					27,987,981

¹Common to R.Millner and T.Millner are 7,231,771 shares held in related companies and trusts in which both hold beneficial interests.



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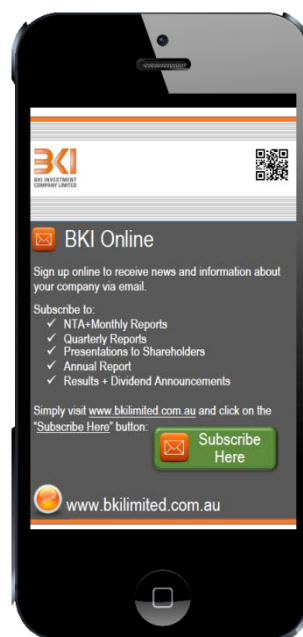
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BKI Fact Sheet

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ASX Code	BKI.ASX
Listing Date	December 2003
Mandate	Aust Listed Equities
Investment Sectors	Diversified
Benchmark	S&P/ASX 300 Acc Index
Total Assets	\$853m
Debt	Nil
Management Expense Ratio	0.16%
Performance Fee	Nil
Rolling 12 Month Dividend*	7.05cps
Historical Dividend Yield**	4.4%
Percentage Franked	100%
Grossed Up Yield#	6.4%
Dividend Distribution Frequency	Half Yearly
Dividend Payout Policy	90%-95%
Dividend Reinvestment Plan	Active

Research Coverage	Morningstar
	Morgan Stanley
	Bell Potter
	Evans and Partners
	Baillieu/Holst
Approved Product List	Dixon Advisory
	Baillieu Holst
Model Portfolio	Dixon Advisory
	Baillieu/Holst
	AIOFP
Investment Menu	MLC Wrap Super
	MasterKey Custom Super
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	Tom Millner 0408 754 180
	Will Culbert 0410 627 378
	Jaime Pinto 02 9210 7000

* Includes FY2014 Final Dividend of 3.50cps and 1H2015 Interim Dividend of 3.55cps ** Based on share price as at 31 December 2014 of \$1.585. # Grossed up yield based on a tax rate of 30%.