BKI Investment Company Limited

NTA AND MONTHLY REPORT—**August 2016**

Our aim is to create wealth for BKI shareholders, through an increasing fully franked dividend and capital growth.

Top 25 Investments

	Stock	% of Total Portfolio
1	Commonwealth Bank	8.3%
2	National Australia Bank	7.7%
3	Westpac Bank	7.0%
4	Telstra Corporation	5.9%
5	TPG Telecom	5.7%
6	Wesfarmers Limited	4.5%
7	ANZ Banking Group	4.4%
8	APA Group	3.6%
9	BHP Billiton	3.2%
10	Transurban Group	2.7%
11	Woolworths Limited	2.6%
12	AGL Energy Limited	2.4%
13	New Hope Corporation	2.4%
14	Ramsay HealthCare	2.3%
15	ASX Limited	2.0%
16	Invocare Limited	1.9%
17	IAG Limited	1.8%
18	ARB Corporation	1.7%
19	Sonic Healthcare	1.6%
20	Suncorp Group	1.6%
21	Woodside Petroleum	1.6%
22	Sydney Airport	1.6%
23	Macquarie Group	1.4%
24	Challenger Group	1.4%
25	Brambles Limited	1.4%
	Cash and cash equivalents	3.5%
	Total of Top 25 plus cash and cash equivalents	84.2%

Business Overview

BKI is a research driven, active equities manager investing for the long term in profitable, high yielding, well managed companies. Listed on the Australian Stock Exchange (BKI.ASX), an investment in BKI gives shareholders access to a diversified Australian equity portfolio without charging external portfolio management fees or performance fees.

Net Tangible Asset Backing

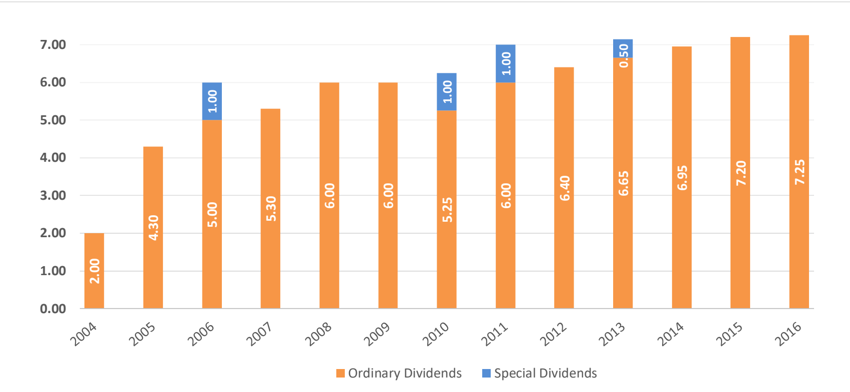
The consolidated unaudited pre-tax net asset backing at 31 August 2016 was **$1.58** per share. The company is a long term equity investor and does not intend to dispose of its total portfolio. If estimated tax at 30% on unrealised portfolio gains were to be recognised, net asset backing post-tax would be **$1.48** per share.

Growing Fully Franked Dividends

BKI's Board & Management are shareholders in BKI. We invest for the long term and focus on creating wealth for all shareholders by keeping costs low and increasing fully franked dividends and capital growth.

As at 31 August 2016, BKI's fully franked dividend yield was 4.6% (based on the immediate past 12 Month rolling dividend** and share price of $1.58), while the grossed up yield was 6.6% (tax rate of 30%).

BKI Dividends paid to shareholders (cents per share).



We focus on dividend payments - not generating management or performance fees

Board and Management

Directors: Robert Millner (Chairman), Alex Payne, David Hall and Ian Huntley.

Management: Tom Millner (CEO), Will Culbert (Portfolio Manager) and Jaime Pinto (Company Secretary).

Benefits of Investing in BKI Investment Company Limited

- ***High Value / Low Cost*** - Active, high conviction, closed end portfolio. No external portfolio management or performance fees.
- ***Tax Effective*** - All dividends have been fully franked.
- ***Performance*** - Delivering sound returns plus dividend growth.
- ***Diversification***-Exposure to well managed, dividend paying companies.
- ***Listed on the ASX***

  ASX Listing Rules - Continuous Disclosure requirements, High levels of Transparency and Compliance.

  Size & strength - Market Capitalisation of $949m.

  Simplicity – An investment in BKI.ASX provides administration simplicity.

  Liquidity – Shares trade on the ASX. 14,500 shareholders. Settlement T+2.
- ***Experience*** - The Board and Management of BKI has over 180 years of collective industry experience (average of 26 years). The average tenure at BKI is 7.6 years.
- ***Alignment*** - Directors and Management are shareholders in BKI. We focus on dividend payments - not generating management or performance fees.

Company Overview

Mandate	Australian Listed Equities
Market Capitalisation	$949m
Investment Portfolio	$916m
Cash & Cash Equivalents	$33m
Total Portfolio Including Cash	$949m
Debt	$0
MER*	0.16%
Performance Fee	N/A
Rolling 12 Month Dividend**	7.25cps
Historical Dividend Yield***	4.6%
Percentage Franked	100%
Grossed up Yield***	6.6%
DRP	Active
Pre Tax NTA	$1.58
Post Tax NTA	$1.48
Share Price	$1.58

Contact

Website	www.bkilimited.com.au
E-Mail	info@bkilimited.com.au
Tom Millner	0408 754 180
Will Culbert	0410 627 378
Jaime Pinto	02 9210 7000

BKI Performance *as at 31 August 2016*	*1 Year*	*3 Yrs (pa)*	*5 Yrs (pa)*	*7 Yrs (pa)*	*10 Yrs (pa)*	*12 Yrs (pa)*
S&P/ASX 300 ACC INDEX (XKOAI)	9.7%	6.6%	9.5%	7.3%	5.1%	8.2%
BKI Total Shareholder Returns (TSR)	-0.4%	5.3%	12.2%	9.1%	6.8%	9.2%
BKI TSR Outperformance V's XKOAI	**-10.1%**	**-1.3%**	**2.7%**	**1.8%**	**1.7%**	**1.0%**
BKI Portfolio Performance	5.9%	4.2%	8.5%	7.0%	6.0%	8.0%
BKI Portfolio Outperformance V's XKOAI	**-3.8%**	**-2.4%**	**-1.0%**	**-0.3%**	**0.9%**	**-0.2%**

BKI Performance *Including Franking Credits*	*1 Year*	*3 Yrs (pa)*	*5 Yrs (pa)*	*7 Yrs (pa)*	*10 Yrs (pa)*	*12 Yrs (pa)*
S&P/ASX 300 ACC INDEX (XKOAI) - 80% Franked	11.2%	8.2%	11.2%	9.1%	6.9%	9.9%
BKI Total Shareholder Returns - 100% Franked	**1.6%**	**7.2%**	**14.4%**	**11.4%**	**9.1%**	**11.4%**

Source: BKI Investment Company Limited, Bloomberg. Portfolio Performance is measured by change in pre tax NTA and is after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends. TSR include reinvestment of dividends. TSR including franking credits are based on BKI's dividends being fully franked and the S&P/ASX300 Accumulation Index franked at 80%. Past performance is generally not indicative of future performance.

 *MER as at 30 June 2016; **Includes FY2016 Final Dividend of 3.65cps and FY2016 Interim Dividend of 3.60cps *** Based on share price as at 31 August 2016. Grossed up yield based on a tax rate of 30%.