

Top 20 Investments

Stock	% of Total Portfolio
1 Commonwealth Bank	9.3%
2 National Australia Bank	9.1%
3 New Hope Corporation	8.2%
4 Westpac Banking Corp	7.2%
5 BHP Billiton Limited	7.0%
6 Telstra Corporation	5.1%
7 Wesfarmers Limited	4.4%
8 ANZ Banking Group	3.6%
9 Woolworths Limited	3.6%
10 ALS Limited	2.8%
11 AGL Energy Limited	2.4%
12 TPG Telecom Limited	2.2%
13 Woodside Petroleum Limited	2.0%
14 QBE Insurance Group	1.7%
15 Metcash Limited	1.7%
16 Coca Cola Amatil Limited	1.6%
17 ARB Corporation	1.5%
18 InvoCare Limited	1.5%
19 APA Group	1.5%
20 ASX Limited	1.2%
Cash & cash equivalents	6.0%
% of Total Portfolio Value (Including Cash & cash equivalents)	83.6%

BKI Investment Company Limited Monthly Report

May 2013

Group Profile and Investment Strategy

BKI's investment portfolio is built on a philosophy of long term investment with a focus on Australian equities. BKI primarily seeks to invest in well-managed businesses with a profitable history and with the expectation of sound dividend and distribution growth. An investment in BKI gives shareholders access to a diversified portfolio across most sectors of the market.

Net Tangible Asset Backing

The consolidated unaudited pre tax net asset backing at 31 May 2013 was **\$1.54** 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 **\$1.43** per share.

Dividends

BKI aims to generate an increasing income stream 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. All historical dividends paid have been fully franked.

BKI's historical fully franked dividend yield as at 31 May 2013 was 4.7% (based on the rolling 12 Month Dividend** and share price of \$1.49).

BKI's historical grossed up yield as at 31 May 2013 was 6.7% (based on a tax rate of 30%). BKI's Dividend Reinvestment Plan has been maintained.

Management Expense Ratio (MER)

BKI's MER as at 31 December 2012 was 0.18%. BKI does not charge shareholders external management fees or a performance fee.

Board and Management

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

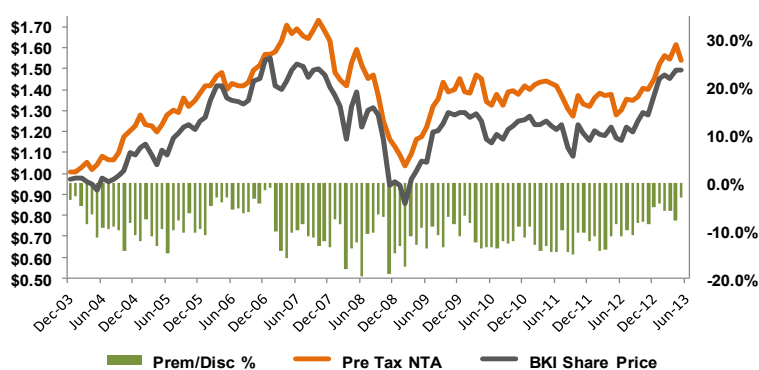
Management: Tom Millner (CEO) and Jaime Pinto (Company Secretary).



**BKI Investment Company Limited
Winner 2011
Listed Investment Company Award**

Discount to NTA

BKI Investment Company Limited's share price (BKI.ASX) is currently trading at a 3% discount to the Pre Tax NTA and a 4% premium to the Post Tax NTA.



Benefits of Investing in BKI Investment Company Limited

Performance - Delivering sound long term returns to shareholders.

Low Cost - Management Expense Ratio of 18bps. No Performance Fees.

Dividends - Predictable fully franked income stream.

Franking Credits - 30% tax rate already paid on dividend income, tax credits passed on directly to shareholders.

Diversification - Exposure to most sectors of the market through well managed, dividend paying companies.

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

Structure - BKI is a Company with a closed end investment structure.

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

Value - Opportunity for investment at a discount to the Pre Tax NTA. Ideal for long term passive shareholders and SMSF's.

Company Overview

Mandate	Australian Listed Equities
Benchmark	S&P/ASX 300 Acc Index
Market Capitalisation	\$665m
Investment Portfolio	\$645m
Cash & Cash Equivalents	\$41m
Total Portfolio Including Cash	\$686m
Debt	\$0
MER*	0.18%
Performance Fee	0%
Rolling 12 Month Dividend**	6.95cps
Historical Dividend Yield***	4.7%
Percentage Franked	100%
Grossed up Yield***	6.7%
DRP	Active
Pre Tax NTA	\$1.54
Post Tax NTA	\$1.43
Share Price	\$1.49

BKI Portfolio Returns are measured after all operating expenses, provision and payment of income and capital gains tax.

BKI Performance

as at 31 May 2013

	1 Year	3 Yrs	5 Yrs	7 Yrs	9 Yrs
		(pa)	(pa)	(pa)	(pa)
S&P/ASX 300 ACC INDEX (XKOAI)	25.6%	8.2%	1.6%	4.2%	8.6%
BKI Total Shareholder Returns	34.1%	14.8%	7.0%	6.7%	10.8%
BKI Share Price Outperformance V's XKOAI	8.5%	6.6%	5.4%	2.5%	2.2%
BKI Portfolio Performance	25.9%	9.9%	4.2%	6.1%	9.1%
BKI Portfolio Outperformance V's XKOAI	0.3%	1.7%	2.6%	1.9%	0.5%

Source: BKI Investment Company Limited, IRESS. 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. Total Shareholder Returns include reinvestment of dividends. Past performance is generally not indicative of future performance.

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*MER as at 31 December 2012; **Includes FY2012 Final Ordinary Dividend of 3.20cps, FY2013 Interim Ordinary Dividend of 3.25cps and FY2013 Interim Special Dividend of 0.50cps *** Based on share price as at 31 May 2013. Grossed up yield based on a tax rate of 30%.