

BKI's Top 20 Holdings

1	New Hope Corporation Limited	12.8%
2	BHP Billiton Limited	11.0%
3	National Australia Bank Limited	8.9%
4	Commonwealth Bank	8.3%
5	Westpac Banking Corporation	5.3%
6	Wesfarmers Limited	3.8%
7	Telstra Corporation Limited	3.6%
8	Woolworths Limited	3.3%
9	Woodside Petroleum Limited	3.1%
10	QBE Insurance Group Limited	2.9%
11	AGL Energy Limited	2.8%
12	Campbell Brothers Limited	2.1%
13	Westpac Stapled Securities	1.8%
14	ANZ Banking Group Limited	1.7%
15	Metcash Limited	1.5%
16	Coca Cola Amatil Limited	1.4%
17	AMP Limited	1.3%
18	ASX Limited	1.2%
19	TPG Telecom Limited	1.2%
20	Brambles Limited	1.1%

Investment Portfolio

BKI has continued with the long-term investment strategy, investing further in well managed, profitable businesses. There are companies that are currently representing good value in this market. Many stocks are trading at discounts to historical averages and are presenting good opportunities for the long term investor on both a valuation and an income basis.

BKI has invested some \$12.5m into the market over the last six months with major investments including ANZ Banking Group, Metcash, Telstra, UGL Limited, Ramsay Health Care, Coca-Cola Amatil, Foster's Group, Invocare Limited, ASX Limited, Woolworths, QBE Insurance, Wesfarmers and ARB Corporation. Major divestments from the BKI Investment Portfolio as a result of significantly reduced dividend payments or uncertainty surrounding future dividend payments include Macquarie Group, Alumina and Qantas Airways.

Outlook

The long term outlook for the Australian equity market looks bright. BKI viewed the recent reporting period as positive.

Those companies who have little to no debt, delivered strong cash flows and offered attractive dividend yields again stood out.

The Board and management of BKI are confident that the investment portfolio is well positioned for both income and capital growth over the coming years.

At 31 December 2009, BKI held \$65.7m in cash and dividends receivable placing the company in a strong position to continue to take advantage of investment opportunities when they arise.

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Half Year Review

31 December 2009

Performance Highlights

- Operating profit up 11.7% to \$10.7 million.
- Net Profit After Tax increased 36.4% to \$19.4 million.
- Income from ordinary dividends and distributions rose 4.6% to \$10.1 million.
- Internally managed model helps reduce operating expenses by 48.3%.
- MER fell to 0.17% as at 31 December 2009.
- Net tangible asset backing per ordinary share before tax has increased to \$1.45, up from \$1.22 at 30 June 2009.
- Interim dividend includes an ordinary dividend of 2.5cps plus a special dividend of 0.5cps, both fully franked.

Results for Half Year 2010

Revenue Performance:

Dividend Income - Ordinary	Up 5% to \$10.1m
Dividend Income - Special	Up 761% to \$11.2m
Other Income and gains	Up 33% to \$1.5m
Total Revenue	Up 89% to \$22.8m

Expenses:

Operating Expenses	Down 48% to \$0.5m
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Profits:

Operating Profit After Tax*	Up 12% to \$10.7m
Dividend Income - Special	Up 761% to \$11.2m
Net Realised Losses	Down 168% to (\$2.4m)
Net Profit After Tax	Up 36.4% to \$19.4m

Portfolio:

Total Portfolio Value	Up 26.3% to \$604.0m
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Earnings Per Share:

Basic earnings per share before special dividend income and losses on investment portfolio was down 18.5% to 2.63 cents per share.

Basic earnings per share after special dividend income and losses on investment portfolio was up 2.8% to 4.79 cents per share.

*Before special dividend income, realised and unrealised losses on investment portfolio and discount on acquisition.

Commentary for Half Year 2010

On the 9 February 2010, BKI announced a 12% lift in operating profit to \$10.7 million.

Net profit after tax increased 36.4% to \$19.4 million, boosted by a significant special dividend paid by New Hope Corporation.

The 12% increase in operating profit before the special dividend to \$10.7 million was a significant result in a challenging market.

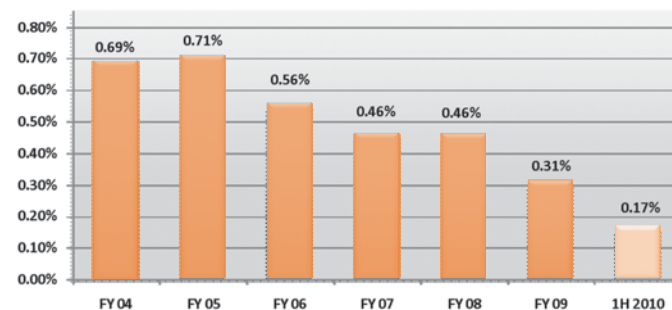
The longer-term performance of BKI has been very strong in one of the more difficult investment environments we've seen.

Management Expense Ratio (MER)

Operating Expenses were \$476,000 as at 31 December 2009. The internally managed model has helped reduce these operating expenses by 48.3% on the corresponding period.

Chief Executive Officer Tom Millner said: "BKI's Management Expense Ratio has now decreased from 0.42% to 0.17% over the last twelve months. This has been achieved by significantly cutting costs whilst also increasing the value of the Investment Portfolio."

The chart below shows the significant reduction of BKI's MER since 2004.



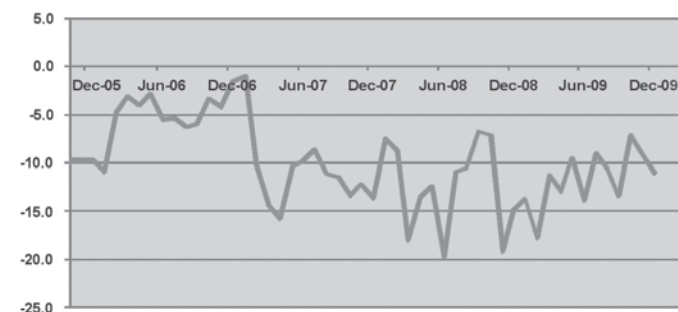
Net Asset Backing Per Share

As at 31 December 2009 BKI's net tangible asset backing per ordinary share before tax increased to \$1.45. This is up from \$1.22 as at 30 June 2009.

Discount to Pre Tax NTA

BKI represents a good opportunity for investors to acquire assets at a discount to the Pre Tax NTA. BKI offers a competitive MER, strong dividend payout ability, quality portfolio, experienced and conservative investment team.

As at 31 December 2009 BKI's share price was trading at a 11% discount to the Pre Tax NTA, as can be seen on the chart below:



Performance

BKI's Share Price Performance (including the reinvestment of dividends) for the 6 months to 31 December 2009 was 25.9% compared to the S&P/ASX 300 Accumulation Index which increased by 25.7%.

Dividends

The interim dividend is made up of a 2.5 cents per share ordinary dividend as well as a 0.5 cents per share special dividend. Both will be fully franked. As at 31 December 2009 there are \$16.9m of franking credits available to BKI. BKI's Dividend Reinvestment Plan has been maintained, offering shareholders the opportunity to acquire further ordinary shares in BKI at a discount of 2.5%.