

## **Appendix 4D - Half Year Report**

**31 December 2014**

***Lodged with the ASX under Listing Rule 4.2A***

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The reporting period is the Half-Year ended 31 December 2014 with the previous corresponding period being the Half-Year ended 31 December 2013.

**BKI Investment Company Limited**  
**Half Year ended 31 December 2014**

**Appendix 4D – Half Year Report**

**Results for Announcement to the Market**

		<b>% Change</b>		<b>\$'000</b>
<b>Revenue Performance:</b>				
Dividend / distribution income - Ordinary	Up	10.7%	to	20,184
Dividend / distribution income - Special	Up	92.9%	to	2,095
Total revenue from ordinary activities	Up	22.1%	to	24,916

<b>Profits:</b>				
Operating result after tax but before special dividend income	Up	15.7%	to	20,831
Special dividend income	Up	92.9%	to	2,095
Net profit from ordinary activities after tax attributable to shareholders	Up	20.1%	to	22,926
Net profit attributable to shareholders	Up	20.1%	to	22,926

		<b>% Change</b>		<b>Cents</b>
<b>Earnings per share:</b>				
Basic earnings per share before special dividend income	Up	2.2%	to	3.80
Basic earnings per share after special dividend income	Up	5.8%	to	4.18

<b>Dividends per share:</b>				
Interim - Ordinary	Up	2.9%	to	3.55

# BKI Investment Company Limited

## Half Year ended 31 December 2014

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### Appendix 4D – Half Year Report

#### Results for Announcement to the Market (continued)

##### Explanation of Operating Results

The reported operating result for the half-year ended 31 December 2014 excluding special dividend income was \$20,831,000, an increase of 15.7% over the previous corresponding period.

The net consolidated profit after tax for the half-year including special dividend income was \$22,926,000, an increase of 20.1% over the previous corresponding period.

##### NTA Backing

	31/12/2014	31/12/2013
Net tangible asset backing per ordinary share before tax	<b>163.4 cents</b>	<b>163.5 cents</b>
Net tangible asset backing per ordinary share after tax	<b>152.3 cents</b>	<b>151.4 cents</b>

##### Additional Dividend Information

An interim dividend of 3.55 cents per share fully franked at the tax rate of 30% will be paid on 26 February 2015. The ex dividend date is 12 February 2015, while the record date for determining entitlements to the dividend is 16 February 2015.

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. The Dividend Reinvestment Plan will be offered at a nil discount. The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is 17 February 2015.

Shareholders can update their election notices electronically by following the link on the Share Registry page of the BKI website. (<http://www.bkilimited.com.au>)



**BKI INVESTMENT  
COMPANY LIMITED**

ABN 23 106 719 868

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**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

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**BKI INVESTMENT COMPANY LIMITED**  
**ABN: 23 106 719 868**

## **CORPORATE DIRECTORY**

### **Directors**

Robert Dobson Millner	Non-Executive Director and Chairman
David Capp Hall	Non-Executive Director
Alexander James Payne	Non-Executive Director
Ian Thomas Huntley	Non-Executive Director

### **Chief Executive Officer**

Thomas Charles Dobson Millner

### **Company Secretary**

Jaime Pinto

### **Registered Office**

Level 2,  
160 Pitt Street Mall  
Sydney NSW 2000

Telephone: (02) 9210 7000

Facsimile: (02) 9210 7099

Postal Address:

GPO Box 5015  
Sydney 2001

### **Auditors**

MGI Sydney  
Level 5  
6 O'Connell Street  
SYDNEY NSW 2000

### **Share Registry**

Advanced Share Registry Services Limited  
150 Stirling Highway  
Nedlands WA 6009

### **Australian Stock Exchange Code**

Ordinary Shares                      BKI

### **Website**

[www.bkilimited.com.au](http://www.bkilimited.com.au)

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## DIRECTORS' REPORT

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The Directors of BKI Investment Company Limited (the Company) present the following report for the six months to 31 December 2014.

### 1. Directors

The following persons were Directors of the Company during the half-year to the date of this report:

Robert Dobson Millner, Chairman  
David Capp Hall, Non Executive Director  
Alexander James Payne, Non Executive Director  
Ian Thomas Huntley, Non Executive Director

### 2. Review of the Company's operations and results

#### *Corporate Objectives*

BKI is a closed end company and does not charge external portfolio management or performance fees. The Company aims to create wealth for BKI shareholders, through an increasing fully franked dividend and capital growth.

#### *Investment Strategy*

BKI is a research driven, active equities manager investing for the long term in profitable, high yielding, well managed companies.

#### *Financial Performance*

The consolidated profit for the half year ending 31 December 2014 was \$22,926,000 (2013: \$19,090,000).

There was strong growth in operating result after tax but before special investment revenue - this was up by 15.7% to \$20,831,000 (2013: \$18,004,000). Special investment revenue was up 92.9% to \$2,095,000 (2013: \$1,086,000).

### 3. Significant changes in the state of affairs

Other than as stated above and in the Financial Report, there were no significant changes in the state of affairs of the Company during the reporting period.

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## **DIRECTORS' REPORT (continued)**

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### **4. Auditor's Independence declaration**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 21.

### **5. Rounding**

The amounts contained in this report and in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

This report is made in accordance with a resolution of the Directors.



**Robert D Millner**  
Director

**Sydney**  
**21 January 2015**

**CONSOLIDATED INCOME STATEMENT  
FOR THE HALF YEAR TO 31 DECEMBER 2014**

	Note	Dec-14 \$ '000	Dec-13 \$ '000
Revenue from investment portfolio	3 (a)	20,184	18,231
Revenue from bank deposits	3 (c)	864	958
Other income	3 (d)	4	-
Other gains	3 (e)	1,769	137
Income from operating activities before special investment revenue		<b>22,821</b>	19,326
Operating expenses	4	<b>(846)</b>	(710)
Operating result before income tax expense and special investment revenue		<b>21,975</b>	18,616
Income tax expense		<b>(1,144)</b>	(612)
<b>Net operating result before special investment revenue</b>		<b>20,831</b>	18,004
Special investment revenue	3 (b)	2,095	1,086
<b>Net operating profit for the half year</b>		<b>22,926</b>	19,090
<b>Profit for the half year attributable to members of the Company</b>		<b>22,926</b>	19,090
		<b>Cents</b>	Cents
Basic and diluted earnings per share on operating profit before special investment revenue	5	<b>3.80</b>	3.72
Basic and diluted earnings per share including special investment revenue	5	<b>4.18</b>	3.95

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



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**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR TO 31 DECEMBER 2014**

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	<b>Dec-14</b>	<b>Dec-13</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Profit for the half year attributable to members of the Company	22,926	19,090
<b>Other Comprehensive Income</b>		
Realised (losses) on the investment portfolio	(9,237)	(9,674)
Tax credit on net realised losses on investment portfolio	2,771	2,902
Unrealised gains on investment portfolio	8,926	71,884
Deferred tax (expense) on unrealised gains on investment portfolio	(2,678)	(21,565)
Total Other Comprehensive Income / (Loss)	<b>(218)</b>	43,547
<b>Total Comprehensive Income</b>	<b>22,708</b>	62,637

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

## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

	Note	Dec-14 \$ '000	Jun-14 \$ '000
<b>Current Assets</b>			
Cash and cash equivalents		45,616	40,960
Trade and other receivables		2,868	7,488
Trading Portfolio	6	664	761
Prepayments		85	20
<b>Total Current Assets</b>		<b>49,233</b>	49,229
<b>Non-Current Assets</b>			
Investment Portfolio	6	858,688	804,162
Property, Plant & Equipment		22	11
Deferred tax assets		13,087	10,352
<b>Total Non-Current Assets</b>		<b>871,797</b>	814,525
<b>Total Assets</b>		<b>921,030</b>	863,754
<b>Current Liabilities</b>			
Trade and other payables		458	291
Current tax liabilities		828	230
Employee Benefits		11	18
<b>Total Current Liabilities</b>		<b>1,297</b>	539
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		74,443	71,769
<b>Total Non-Current Liabilities</b>		<b>74,443</b>	71,769
<b>Total Liabilities</b>		<b>75,740</b>	72,308
<b>Net Assets</b>		<b>845,290</b>	791,446
<b>Equity</b>			
Share capital	7	649,619	599,124
Revaluation reserve		170,894	164,646
Realised capital gains reserve		(18,703)	(12,237)
Retained profits		43,480	39,913
<b>Total Equity</b>		<b>845,290</b>	791,446

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR TO 31 DECEMBER 2014**

<b>CONSOLIDATED ENTITY</b>	Share Capital \$ '000	Revaluation Reserve \$ '000	Realised Capital Gains Reserve \$ '000	Retained Profits \$ '000	Total Equity \$ '000
<b>Total equity at 1 July 2013</b>	<b>484,198</b>	<b>113,498</b>	<b>(1,251)</b>	<b>35,587</b>	<b>632,032</b>
Issue of shares, net of cost	108,344	-	-	-	<b>108,344</b>
Dividends paid or provided for	-	-	-	(15,169)	<b>(15,169)</b>
Revaluation of investment portfolio	-	71,884	-	-	<b>71,884</b>
Provision for tax on unrealised gains	-	(21,565)	-	-	<b>(21,565)</b>
Profit for the year	-	-	-	19,090	<b>19,090</b>
Net realised (losses) through other comprehensive income	-	-	(6,772)	-	<b>(6,772)</b>
<b>Total equity at 31 December 2013</b>	<b>592,542</b>	<b>163,817</b>	<b>(8,023)</b>	<b>39,508</b>	<b>787,844</b>
<b>Total equity at 1 July 2014</b>	<b>599,124</b>	<b>164,646</b>	<b>(12,237)</b>	<b>39,913</b>	<b>791,446</b>
Issue of shares, net of cost	50,495	-	-	-	<b>50,495</b>
Dividends paid or provided for	-	-	-	(19,359)	<b>(19,359)</b>
Revaluation of investment portfolio	-	8,926	-	-	<b>8,926</b>
Provision for tax on unrealised gains	-	(2,678)	-	-	<b>(2,678)</b>
Profit for the year	-	-	-	22,926	<b>22,926</b>
Net realised (losses) through other comprehensive income	-	-	(6,466)	-	<b>(6,466)</b>
<b>Total equity at 31 December 2014</b>	<b>649,619</b>	<b>170,894</b>	<b>(18,703)</b>	<b>43,480</b>	<b>845,290</b>

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

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE HALF YEAR TO 31 DECEMBER 2014**

	Note	Dec-14 \$ '000	Dec-13 \$ '000
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(1,498)	(718)
Other receipts in the course of operations		4	-
Dividends and distributions received		27,811	23,792
Payments for held for trading financial assets		(8,763)	-
Proceeds from sale of held for trading financial assets		10,628	137
Interest received		701	1,001
Income tax paid		(423)	(110)
<b>Net cash inflows from operating activities</b>		<b>28,460</b>	<b>24,102</b>
<b>Cash flows from investing activities</b>			
Purchases for investment portfolio		(58,711)	(99,688)
Sales from investment portfolio		1,944	10,888
Capital returns on investment portfolio		1,930	421
Payments for plant and equipment		(14)	(6)
<b>Net cash outflow from investing activities</b>		<b>(54,851)</b>	<b>(88,385)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of ordinary shares (net of issue costs)	7 (b)	47,492	105,275
Dividends paid		(16,445)	(12,649)
<b>Net cash inflow from financing activities</b>		<b>31,047</b>	<b>92,626</b>
<b>Net increase in cash held</b>		<b>4,656</b>	<b>28,343</b>
Cash at the beginning of the period		40,960	36,230
<b>Cash at the end of the period</b>		<b>45,616</b>	<b>64,573</b>

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2014

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### 1. BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by BKI Investment Company Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies are consistent with those applied in the 30 June 2014 Annual Report.

#### **Reporting Basis and Conventions**

This 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.

### 2. FINANCIAL REPORTING BY SEGMENTS

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2014 (continued)**

	Dec-14 \$ '000	Dec-13 \$ '000
<b>3. REVENUES</b>		
<b>(a) Ordinary revenue from investment portfolio</b>		
Fully Franked dividends - ordinary	18,297	16,705
Unfranked dividends - ordinary	580	676
Trust Distributions - ordinary	1,307	850
	<u>20,184</u>	<u>18,231</u>
<b>(b) Special investment revenue</b>		
Fully Franked dividends - special	2,095	1,065
Unfranked dividends - special	-	21
	<u>2,095</u>	<u>1,086</u>
<b>(c) Revenue from bank deposits</b>		
Interest received	<u>864</u>	958
<b>(d) Other income</b>		
Other revenue	<u>4</u>	-
<b>(d) Other gains / losses</b>		
Net realised gain on sale of investments held for trading	1,608	137
Net unrealised gain on investments held for trading	161	-
	<u>1,769</u>	<u>137</u>
<b>Total Income</b>	<u>24,916</u>	<u>20,412</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2014 (continued)**

	Dec-14 \$ '000	Dec-13 \$ '000
<b>4. OPERATING EXPENSES</b>		
Administration expenses	205	232
Occupancy costs	7	4
Employee and director expenses	546	387
Professional fees	85	83
Interest expense	-	3
Depreciation	3	1
<b>Total operating expenses</b>	<b>846</b>	<b>710</b>

**5. EARNINGS PER SHARE**

Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share

<b>548,357,851</b>	483,482,689
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	Dec-14 \$ '000	Jun-14 \$ '000
<b>6. FINANCIAL ASSETS - INVESTMENT PORTFOLIO</b>		
<b>Current Investment Portfolio</b>		
Listed securities at fair value held for trading:	664	-
<b>Non-Current Investment Portfolio</b>		
Listed securities at fair value available for sale:	858,688	804,162
<b>Total Investment Portfolio</b>	<b>859,352</b>	<b>804,162</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2014 (continued)**

**6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)**

**Non-Current Investment Portfolio**

Stock	Shares Held	Market Value 31-Dec-14	% Asset Group (M.V.)
<b><u>Financials</u></b>			
Commonwealth Bank of Australia Limited	1,006,400	\$86,198,160	10.04%
National Australia Bank Limited	2,350,500	\$78,976,800	9.20%
Westpac Banking Corporation Limited	2,093,656	\$69,425,633	8.09%
Australia & New Zealand Banking Group Limited	1,326,500	\$42,567,385	4.96%
Insurance Australia Group Limited	3,157,370	\$19,733,563	2.30%
Suncorp Group Limited	1,158,000	\$16,281,480	1.90%
ASX Limited	325,500	\$11,958,870	1.39%
Bendigo and Adelaide Bank Limited	838,000	\$10,734,780	1.25%
Bank of Queensland Limited	810,000	\$9,865,800	1.15%
Milton Corporation Limited	2,055,810	\$9,210,029	1.07%
Perpetual Limited	179,310	\$8,302,053	0.97%
AMP Limited	1,314,813	\$7,231,472	0.84%
IOOF Holdings Limited	563,594	\$5,015,987	0.58%
Macquarie Group Limited	80,223	\$4,676,199	0.54%
Equity Trustees Limited	152,353	\$2,941,936	0.34%
Medibank Private Limited	403,775	\$973,098	0.11%
		<b>\$384,093,243</b>	<b>44.73%</b>
<b><u>Telecommunications Services</u></b>			
Telstra Corp Limited	8,740,000	\$52,177,800	6.08%
TPG Telecom Limited	4,420,000	\$29,835,000	3.47%
		<b>\$82,012,800</b>	<b>9.55%</b>
<b><u>Consumer Staples</u></b>			
Wesfarmers Limited	974,480	\$40,655,306	4.73%
Woolworths Limited	881,000	\$27,029,080	3.15%
Coca-Cola Amatil Limited	1,046,000	\$9,748,720	1.14%
GrainCorp Limited	93,444	\$770,913	0.09%
		<b>\$78,204,019</b>	<b>9.11%</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2014 (continued)

### 6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)

#### Non-Current Investment Portfolio (continued)

Stock	Shares Held	Market Value 31-Dec-14	% Asset Group (M.V.)
<b><u>Industrials</u></b>			
Transurban Group	2,073,205	\$17,788,099	2.07%
Toll Holdings Limited	1,840,000	\$10,837,600	1.26%
ALS Limited	1,995,822	\$10,717,564	1.25%
Brambles Limited	785,576	\$8,350,673	0.97%
Seek Limited	400,000	\$6,908,000	0.80%
Qube Holdings Limited	1,717,076	\$4,172,495	0.49%
GWA Group Limited	1,310,000	\$3,903,800	0.45%
Sydney Airport	778,297	\$3,665,779	0.43%
Lindsay Australia Limited	6,820,829	\$2,660,123	0.31%
MaxiTRANS Industries Limited	2,800,000	\$1,484,000	0.17%
Salmat Limited	1,089,951	\$1,346,089	0.16%
Skilled Group Limited	644,826	\$960,791	0.11%
		<b>\$72,795,013</b>	<b>8.48%</b>
<b><u>Energy</u></b>			
New Hope Corporation Limited	14,810,452	\$36,581,816	4.26%
Woodside Petroleum Limited	432,084	\$16,423,513	1.91%
Santos Limited	611,500	\$5,044,875	0.59%
Caltex Australia Limited	91,950	\$3,145,610	0.37%
		<b>\$61,195,814</b>	<b>7.13%</b>
<b><u>Materials</u></b>			
BHP Billiton Limited	1,459,443	\$42,863,841	4.99%
Brickworks Limited	436,209	\$5,282,491	0.62%
Rio Tinto Limited	49,562	\$2,874,596	0.33%
		<b>\$51,020,928</b>	<b>5.94%</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2014 (continued)**

**6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)**

**Non-Current Investment Portfolio (continued)**

Stock	Shares Held	Market Value 31-Dec-14	% Asset Group (M.V.)
<b><u>Utilities</u></b>			
APA Group	2,854,452	\$21,265,667	2.48%
AGL Energy Limited	1,247,207	\$16,662,686	1.94%
DUET Group	4,069,995	\$9,808,688	1.14%
Origin Energy Limited	12,000	\$140,040	0.02%
		<b>\$47,877,081</b>	<b>5.58%</b>
<b><u>Consumer Discretionary</u></b>			
Invocare Limited	1,358,474	\$16,437,535	1.91%
ARB Corporation Limited	945,447	\$10,749,732	1.25%
Tatts Group Limited	2,489,000	\$8,611,940	1.00%
Crown Resorts Limited	150,574	\$1,910,784	0.22%
Fairfax Media Limited	2,100,000	\$1,837,500	0.21%
G8 Education Limited	230,000	\$959,100	0.11%
		<b>\$40,506,592</b>	<b>4.72%</b>
<b><u>Health Care</u></b>			
Ramsay Health Care Limited	228,000	\$13,018,800	1.52%
Sonic Healthcare Limited	570,167	\$10,548,090	1.23%
Regis Healthcare Limited	650,428	\$2,640,738	0.31%
Primary Health Care Limited	2,474,500	\$11,654,895	1.36%
		<b>\$37,862,522</b>	<b>4.41%</b>
<b><u>Property Trusts</u></b>			
Westfield Corporation	233,157	\$2,103,076	0.24%
Scentre Group	290,514	\$1,016,799	0.12%
		<b>\$3,119,875</b>	<b>0.36%</b>
	<b>TOTAL</b>	<b>858,687,887</b>	<b>100%</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2014 (continued)**

	<b>Dec-14</b>	Jun-14
	<b>\$ '000</b>	<b>\$ '000</b>

**7. SHARE CAPITAL**

<b>(a) Issued and paid-up capital</b>	<b>649,619</b>	599,124
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**(b) Movement in ordinary shares**

	<b>Dec-14</b>	
	<b>Number of Shares</b>	<b>\$'000</b>
Beginning of the period	524,240,486	599,124
Issued during the half year:		
- dividend reinvestment plan	1,755,576	2,915
- share purchase plan	28,879,401	47,790
- less transaction costs (net of tax)		(210)
End of the period	<b>554,875,463</b>	<b>649,619</b>

	<b>Dec-14</b>	Dec-13
	<b>\$ '000</b>	<b>\$ '000</b>

**8. DIVIDENDS**

**(a) Dividends paid**

Final ordinary dividend for the year ended 30 June 2014 of 3.50 cents per share (2013: 3.40 cents per share) fully franked at the tax rate of 30%	<b>19,359</b>	15,169
Total dividends paid	<b>19,359</b>	15,169

**(b) Dividends declared after balance date**

Since the end of the half year the Directors have declared an interim ordinary dividend for the 2015 financial year of 3.55 cents per share, fully franked at the tax rate of 30%. This dividend will be payable on 26 February 2015, but has not been recognised as a liability at the half year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR TO 31 DECEMBER 2014 (continued)**

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**9. ACQUISITION OF CONTROLLED ENTITIES**

During the half year ended 31 December 2014 the Company did not acquire any controlled entities (2013: None).

**10. RELATED PARTY TRANSACTIONS**

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2014 annual financial report.

**11. CONTINGENT LIABILITIES**

The Company has no contingent liabilities at 31 December 2014.

**12. EVENTS SUBSEQUENT TO BALANCE DATE**

Since 31 December 2014 to the date of this report there has been no event of which the Directors are aware which has had a material effect on the Company or its financial position.

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## DIRECTORS' DECLARATION

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In accordance with a resolution of the Directors of BKI Investment Company Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity as set out on pages 8 to 20 are in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
  - ii complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - iii complying with International Financial Reporting Standards; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



**Robert D Millner**  
Director

**Sydney**  
**21 January 2015**

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BKI Investment Company Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year ended or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of BKI Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, 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 as at the time of this auditor's report.

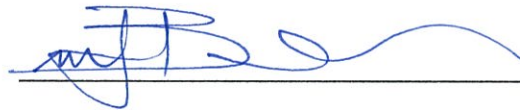
## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BKI Investment Company Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

**Name of Firm:** MGI Sydney Assurance Services Pty Limited  
Chartered Accountants

**Name of Auditor:**



Martin Bocxe

**Address:** Level 5, 6 O'Connell Street, Sydney NSW 2000

**Dated this** 21<sup>th</sup> day of January 2015

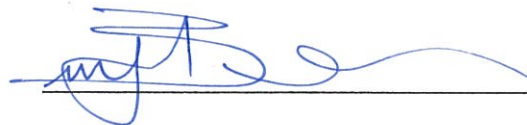
**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF BKI INVESTMENT COMPANY LIMITED**

As lead auditor for the review of BKI Investment Company Pty Limited for the half year ended 31 December 2014, I declare that, to the best of my knowledge and belief there have been no contraventions of:

- a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

**Name of Firm:** MGI Sydney Assurance Services Pty Limited  
Chartered Accountants

**Name of Auditor:**



Martin Bocxe

**Address:** Level 5, 6 O'Connell Street, Sydney NSW 2000

**Dated this** 21<sup>th</sup> day of January 2015