



Office Level 2, 160 Pitt Street Mall  
Sydney NSW 2000  
Telephone +61 2 9210 7000  
Fax +61 2 9210 7099  
Web [www.bkilimited.com.au](http://www.bkilimited.com.au)  
ABN 23 106 719 868

## ***BKI Investment Company Limited***

ASX APPENDIX 4E  
PRELIMINARY FINAL REPORT  
30 JUNE 2015

### ***Contents***

Results for Announcement to the Market	2-3
Appendix 4E - Preliminary Final Report	4-15

The reporting period is the year ended 30 June 2015 with the previous corresponding period being the year ended 30 June 2014

# **BKI Investment Company Limited**

YEAR ENDED 30 JUNE 2015

---

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

---

		<b>% Change</b>		<b>\$'000</b>
<b>Revenue Performance:</b>				
Total Income - Ordinary	Up	15.6%	to	44,568
Total Income - Special	Up	39.8%	to	<u>2,095</u>
Total Revenue from Ordinary Activities	Up	16.5%	to	46,663
<b>Profits:</b>				
Net Operating Result before special dividend income	Up	13.7%	to	40,876
Dividend Income - Special	Up	39.8%	to	<u>2,095</u>
Net Profit from ordinary activities after tax attributable to shareholders	Up	14.8%	to	42,971
Net Profit attributable to shareholders	Up	14.8%	to	42,971
<b>Portfolio:</b>				
Total Portfolio Value (including cash & receivables)	Up	7.6%	to	918,264
<b>Earnings Per Share:</b>				
				<b>Cents</b>
Basic Earnings Per Share <u>before</u> special dividend income	Up	3.5%	to	7.40
Basic Earnings Per Share <u>after</u> special dividend income	Up	4.5%	to	7.78
<b>Dividends:</b>				
Interim - Ordinary	Up	2.9%	to	3.55
Final - Ordinary	Up	4.3%	to	<u>3.65</u>
<b>Full Year Total - Ordinary</b>	<b>Up</b>	<b>3.6%</b>		<b><u>7.20</u></b>
<b>Full Year Total Dividends</b>	<b>Up</b>	<b>3.6%</b>		<b><u>7.20</u></b>

# **BKI Investment Company Limited**

YEAR ENDED 30 JUNE 2015

---

## **RESULTS FOR ANNOUNCEMENT TO THE MARKET**

---

### **Explanation of Operating Results**

Net Operating Result before special dividend income increased 13.7% to \$40.88m, whilst Basic Earnings per Share before special dividend income increased 3.5% to 7.40cps. Special dividend income for the year totalled \$2.09m, taking Basic Earnings per Share after special dividend income to 7.78cps.

BKI's improved result was largely driven by higher dividends received from BHP Billiton, Woodside Petroleum, APA Group, Commonwealth Bank, Transurban Limited, Suncorp Group, Westpac Bank, ANZ Bank, ASX Limited, Wesfarmers Limited and Macquarie Bank. The result highlights the advantages of holding a long term, diversified portfolio of companies in varying sectors.

Lower contributions were received from New Hope Corporation, ALS Limited, Salmat Limited and Coca Cola Amatil.

BKI also received special dividend income from ARB Corporation, Suncorp Group, New Hope Corporation, Wesfarmers Limited and Milton Corporation. These special dividends helped lift the Net Profit attributable to shareholders by 14.8% to \$42.97m.

### **NTA Backing**

	<b>30 June 2015</b>	<b>30 June 2014</b>
Net Tangible Asset backing per ordinary share before tax	\$1.65	\$1.63
Net Tangible Asset backing per ordinary share after tax	\$1.53	\$1.51

### **Additional Dividend Information**

A final dividend of 3.65 cents per share fully franked at the tax rate of 30% will be paid on 27<sup>th</sup> August 2015. The Record date for determining entitlements to the dividend will be Friday 7<sup>th</sup> August 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. No discount will apply to the Dividend Reinvestment Plan.

The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is Monday 10<sup>th</sup> August 2015.

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

### **Other Information**

This report is based on accounts which are in the process of being audited. It is not anticipated that there will be any material changes to those accounts.



**BKI INVESTMENT  
COMPANY LIMITED**

**Office** Level 2, 160 Pitt Street Mall  
Sydney NSW 2000

**Telephone** +61 2 9210 7000

**Fax** +61 2 9210 7099

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

**ABN** 23 106 719 868

## ***BKI Investment Company Limited***

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

# ***BKI Investment Company Limited***

YEAR ENDED 30 JUNE 2015

---

## **CONSOLIDATED INCOME STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2015

---

	<b>Note</b>	<b>2015</b> <b>\$ '000</b>	2014 \$ '000
Revenue from investment portfolio	2 (a)	<b>40,815</b>	36,539
Revenue from bank deposits	2 (c)	<b>1,519</b>	1,791
Other Income	2 (d)	<b>8</b>	-
Other Gains	2 (e)	<b>2,226</b>	232
Income from operating activities before special investment revenue		<b>44,568</b>	38,562
Operating Expenses	3	<b>(1,607)</b>	(1,251)
Expenses associated with acquisition of controlled entity		-	(75)
Operating Result before income tax expense and special investment revenue		<b>42,961</b>	37,236
Income Tax Expense		<b>(2,085)</b>	(1,296)
<b>Net Operating Result before special investment revenue</b>		<b>40,876</b>	35,940
Special Investment Revenue	2 (b)	<b>2,095</b>	1,499
<b>Net Operating Profit</b>		<b>42,971</b>	37,439
<b>Profit for the year attributable to members of the Company</b>		<b>42,971</b>	37,439
		<b>2015</b>	2014
		<b>Cents</b>	<b>Cents</b>
<b>Basic and diluted Earnings Per Share before special dividend income</b>	4	<b>7.40</b>	7.15
<b>Basic and diluted earnings per share after special dividend income</b>	4	<b>7.78</b>	7.45

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

# ***BKI Investment Company Limited***

YEAR ENDED 30 JUNE 2015

---

## **CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 30 JUNE 2015

---

	<b>2015</b>	2014
	<b>\$ '000</b>	\$ '000
Profit for the year attributable to members of the Company	<b>42,971</b>	37,439
<b>Other Comprehensive Income</b>		
Unrealised gains on investment portfolio	<b>3,671</b>	73,069
Deferred tax expense on unrealised gains on investment portfolio	<b>(1,101)</b>	(21,921)
Realised gains/(losses) on investment portfolio	<b>2,670</b>	(15,694)
Tax (expense)/benefit relating to realised losses on investment portfolio	<b>(802)</b>	4,708
<b>Total Other Comprehensive Income</b>	<b>4,438</b>	40,162
<b>Total Comprehensive Income</b>	<b>47,409</b>	77,601

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

# BKI Investment Company Limited

YEAR ENDED 30 JUNE 2015

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	2015 \$ '000	2014 \$ '000
<b>Current Assets</b>			
Cash and cash equivalents		41,133	40,960
Trade and other receivables		17,688	7,488
Trading portfolio	5	566	761
Prepayments		29	20
<b>Total Current Assets</b>		<b>59,416</b>	49,229
<b>Non-Current Assets</b>			
Investment portfolio	5	858,877	804,162
Property, plant & equipment		18	11
Deferred tax assets		9,375	10,352
<b>Total Non-Current Assets</b>		<b>868,270</b>	814,525
<b>Total Assets</b>		<b>927,686</b>	863,754
<b>Current Liabilities</b>			
Trade and other payables		486	291
Current tax liabilities		993	230
Employee benefits		19	18
<b>Total Current Liabilities</b>		<b>1,498</b>	539
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		72,936	71,769
Employee benefits		16	-
<b>Total Non-Current Liabilities</b>		<b>72,952</b>	71,769
<b>Total Liabilities</b>		<b>74,450</b>	72,308
<b>Net Assets</b>		<b>853,236</b>	791,446
<b>Equity</b>			
Share capital	6	652,562	599,124
Revaluation reserve		167,216	164,646
Realised capital gains reserve		(10,369)	(12,237)
Retained profits		43,827	39,913
<b>Total Equity</b>		<b>853,236</b>	791,446

This Statement of Financial Position should be read in conjunction with the accompanying notes.

# **BKI Investment Company Limited**

YEAR ENDED 30 JUNE 2015

## **CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 JUNE 2015

	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	114,926	-	-	-	114,926
Dividends paid or provided for	-	-	-	(33,113)	(33,113)
Revaluation of investment portfolio	-	73,069	-	-	73,069
Provision for tax on unrealised gains on revaluation of investment portfolio	-	(21,921)	-	-	(21,921)
Net operating profit for the year	-	-	-	37,439	37,439
Net realised losses through other comprehensive income	-	-	(10,986)	-	(10,986)
<b>Total equity at 30 June 2014</b>	<b>599,124</b>	<b>164,646</b>	<b>(12,237)</b>	<b>39,913</b>	<b>791,446</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	53,438	-	-	-	53,438
Dividends paid or provided for	-	-	-	(39,057)	(39,057)
Revaluation of investment portfolio	-	3,671	-	-	3,671
Provision for tax on unrealised gains on revaluation of investment portfolio	-	(1,101)	-	-	(1,101)
Net operating profit for the year	-	-	-	42,971	42,971
Net realised gains through other comprehensive income	-	-	1,868	-	1,868
<b>Total equity at 30 June 2015</b>	<b>652,562</b>	<b>167,216</b>	<b>(10,369)</b>	<b>43,827</b>	<b>853,236</b>

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



# **BKI Investment Company Limited**

YEAR ENDED 30 JUNE 2015

---

## **CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED 30 JUNE 2015

---

	Note	2015 \$ '000	2014 \$ '000
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(1,409)	(1,352)
Other receipts in the course of operations		8	-
Dividends and distributions received		42,398	36,862
Payments for trading portfolio		(8,763)	(1,510)
Proceeds from sale of trading portfolio		10,629	2,577
Interest received		1,655	1,743
Interest paid		-	(3)
Income tax paid		(986)	(499)
<b>Net cash inflow from operating activities</b>		<b>43,532</b>	<b>37,818</b>
<b>Cash flows from investing activities</b>			
Cash acquired on acquisition of controlled entity		-	702
Payments for investment portfolio		(92,833)	(132,324)
Proceeds from sale of investment portfolio		33,270	21,236
Capital returns received from investment portfolio		1,930	-
Payments for plant and equipment		(14)	(10)
<b>Net cash outflow from investing activities</b>		<b>(57,647)</b>	<b>(110,396)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of ordinary shares less issue costs		47,482	105,190
Dividends paid	7(a)	(33,194)	(27,882)
<b>Net cash inflow from financing activities</b>		<b>14,288</b>	<b>77,308</b>
<b>Net increase in cash held</b>		<b>173</b>	<b>4,730</b>
Cash at the beginning of the year		40,960	36,230
<b>Cash at the end of the year</b>		<b>41,133</b>	<b>40,960</b>

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

# ***BKI Investment Company Limited***

YEAR ENDED 30 JUNE 2015

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2015**

---

### **1. Summary of Significant Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the parent entity of BKI Investment Company Limited and controlled entities. BKI Investment Company Limited is a listed public company, incorporated and domiciled in Australia.

#### **(a) Basis of Preparation**

##### *Reporting Basis and Conventions*

The 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.

Fair value is now determined based on last sale price for all quoted investments. In previous years fair value was determined based on current bid prices. Other than this change, the accounting policies are consistent with those applied in the 30 June 2014 Annual Report.

# **BKI Investment Company Limited**

YEAR ENDED 30 JUNE 2015

---

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (continued)

---

	<b>2015</b>	2014
	<b>\$ '000</b>	\$ '000
<b>2. Revenues</b>		
<b>(a) Revenue from investment portfolio</b>		
Fully franked dividends	<b>36,785</b>	33,176
Unfranked dividends	<b>1,034</b>	1,285
Trust Distributions	<b>2,996</b>	2,078
<b>Total ordinary revenue from investment portfolio</b>	<b>40,815</b>	36,539
<b>(b) Special investment revenue</b>		
Fully franked dividends	<b>2,095</b>	1,114
Unfranked dividends	-	385
<b>Total special revenue from investment portfolio</b>	<b>2,095</b>	1,499
<b>(c) Revenue from bank deposits</b>		
Interest received	<b>1,519</b>	1,791
<b>(d) Other income</b>		
Other revenue	<b>8</b>	-
<b>(e) Other gains</b>		
Net realised gain on sale of investments held for trading	<b>2,163</b>	234
Net unrealised gain/(loss) on investments held for trading	<b>63</b>	(2)
<b>Total other gains</b>	<b>2,226</b>	232
<b>Total Income</b>	<b>46,663</b>	40,061
<b>3. Operating Expenses</b>		
Administration expenses	<b>352</b>	371
Occupancy costs	<b>13</b>	11
Employment expenses	<b>1,075</b>	707
Professional fees	<b>160</b>	156
Depreciation	<b>7</b>	3
Interest Expense	-	3
<b>Total operating expenses</b>	<b>1,607</b>	1,251

# **BKI Investment Company Limited**

YEAR ENDED 30 JUNE 2015

---

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (continued)

---

	2015 \$ '000	2014 \$ '000
<b>4. Earnings Per Share</b>		
Net Operating Profit	<u>42,971</u>	37,439
Earnings used in calculating basic and diluted earnings per share <u>before</u> special dividend income	<u>40,876</u>	35,940
Earnings used in calculating basic and diluted earnings per share <u>after</u> special dividend income	<u>42,971</u>	37,439
	2015 No. ('000)	2014 No. ('000)
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	552,158	502,728
Basic and diluted earnings per share <u>before</u> special dividend income (cents)	7.40	7.15
Basic and diluted earnings per share <u>after</u> special dividend income (cents)	7.78	7.45
<b>5. Financial Assets - Investment Portfolio</b>		
<b>Trading Portfolio - Current</b>		
Listed securities at fair value held for trading	<u>566</u>	761
<b>Investment Portfolio - Non-Current</b>		
Listed securities at fair value available for sale	<u>858,877</u>	804,162
<b>Total Investment Portfolio</b>	<u>859,443</u>	804,923

# BKI Investment Company Limited

YEAR ENDED 30 JUNE 2015

---

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (continued)

---

### 6. Share Capital

	2015 \$ '000	2014 \$ '000		
<b>(a) Issued and paid-up capital</b>				
<b>556,560,509</b> ordinary shares fully paid (2014: 524,240,486)	<b>652,562</b>	599,124		
	<hr/>			
<b>(b) Movement in ordinary shares</b>				
	2015 Number of Shares	\$'000	2014 Number of Shares	\$'000
<b>Beginning of the financial year</b>	<b>524,240,486</b>	<b>599,124</b>	446,139,639	484,198
Issued during the year:				
- dividend reinvestment plan	<b>3,440,622</b>	<b>5,864</b>	3,298,704	5,231
- share purchase plan	<b>28,879,401</b>	<b>47,790</b>	-	-
- placement	-	-	39,900,000	59,052
- rights issue	-	-	32,468,378	48,053
- acquisition of controlled entity	-	-	2,433,765	3,931
<b>Gross funds raised during year</b>		<b>53,654</b>		116,267
- less net transaction costs		<b>(216)</b>		<b>(1,341)</b>
<b>End of the financial year</b>	<b>556,560,509</b>	<b>652,562</b>	524,240,486	599,124

# **BKI Investment Company Limited**

YEAR ENDED 30 JUNE 2015

---

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (continued)

---

	2015 \$ '000	2014 \$ '000
<b>7. Dividends</b>		
<b>(a) Dividends paid during the year</b>		
Final dividend for the year ended 30 June 2014 of 3.50 cents per share (2013 final: 3.40 cents per share) fully franked at the tax rate of 30%, paid on 28 August 2014	19,359	15,169
Interim dividend for the year ended 30 June 2015 of 3.55 cents per share (2014 interim: 3.45 cents per share) fully franked at the tax rate 30%, paid on 26 February 2015	19,698	17,944
<b>Total</b>	<b>39,057</b>	<b>33,113</b>
<b>Dividends paid in cash or invested in shares under the dividend reinvestment plan ("DRP")</b>		
Paid in cash	33,194	27,882
Reinvested in shares via DRP	5,863	5,231
<b>Total</b>	<b>39,057</b>	<b>33,113</b>
<b>(b) Dividends declared after balance date</b>		
Since the end of the financial year the Directors have declared a final ordinary dividend for the year ended 30 June 2015 of 3.65 cents per share (2014: final 3.50 cents per share) fully franked at the tax rate of 30%, payable on 27 August 2015, but not recognised as a liability at the year end.		
<b>(c) Franking Account Balance</b>		
Balance of the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	22,554	20,987
Estimated impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year	(8,706)	(7,864)
<b>Net available</b>	<b>13,848</b>	<b>13,123</b>

# ***BKI Investment Company Limited***

YEAR ENDED 30 JUNE 2015

---

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015 (continued)**

---

### **8. Acquisition of Controlled Entities**

During the 2015FY no acquisitions were made.

During the 2014FY year the Company acquired 100% of the shares of an unlisted investment company for a consideration of 2,433,765 new shares in BKI Investment Company Limited. Based on an issue price of \$1.615 per share, the consideration for the acquisition had a fair value of \$3,930,530.

This was the first transaction of this nature completed by BKI. The BKI Board looks forward to engaging in similar transactions in the future.

### **9. Contingent Liabilities**

The Company has no contingent liabilities at 30 June 2015.

### **10. Events Subsequent to Balance Date**

Since 30 June 2015 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.

### **11. Financial Reporting by Segments**

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