

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 ABN 23 106 719 868

Appendix 4D - Half Year Report 31 December 2016

Lodged with the ASX under Listing Rule 4.2A

Contents

Appendix 4D – Half Year Report	2-3
Interim Financial Report	4-21
Auditors Independent Review Report	22-23
Auditors Independence Declaration	24

The reporting period is the half year ended 31 December 2016 with the previous corresponding period being the half year ended 31 December 2015.



BKI Investment Company Limited Half Year ended 31 December 2016

Appendix 4D - Half Year Report

Results for Announcement to the Market

	Dec	Dec
%	2016	2015
Change	\$'000	\$'000

Revenue Performance:

Dividends and distributions – Ordinary	Down	1.2%	to	21,429	from	21,684
Dividends and distributions—Special	Up	404.0%	to	3,861	from	766
Total income from ordinary activities	Up	8.7%	to	25,985	from	23,895

Profits:

Operating result after tax - before special investment revenue	Down	1.0%	to	21,170	from	21,380
Special Investment revenue	Up	404.0%	to	3,861	from	766
Net profit from ordinary activities after tax attributable to shareholders	Up	13.0%	to	25,031	from	22,146
Net profit attributable to shareholders	Up	13.0%	to	25,031	from	22,146

	Dec	Dec
%	2016	2015
Change	Cents	Cents

Earnings per share:

Basic earnings per share before special investment revenue	Down	6.9%	to	3.52	from	3.78
Basic earnings per share after special investment revenue	Up	6.6%	to	4.17	from	3.91

Dividends per share:

Interior Ondines.	Ct a a al		2.60	c	2.60
Interim – Ordinary	Steady	at	3.60	from	3.60



BKI Investment Company Limited Half Year ended 31 December 2016

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 2016 excluding special investment revenue was \$21.17 million, a decrease of 1.0% over the previous corresponding period.

The net consolidated profit after tax for the half year including special investment revenue was \$25.03 million, an increase of 13.0% over the previous corresponding period.

NTA Backing

	31/12/2016	31/12/2015
Net tangible asset backing per ordinary share before tax	161.5 cents	161.2 cents
Net tangible asset backing per ordinary share after tax	152.0 cents	151.2 cents

Additional Dividend Information

An interim dividend of 3.60 cents per share fully franked at the tax rate of 30% will be paid on 27 February 2017. The ex-dividend date is 10 February 2017, and the record date for determining entitlements to the dividend is 13 February 2017.

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 14 February 2017.

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)





ABN 23 106 719 868

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016



BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868

CORPORATE DIRECTORY

Directors

Robert Dobson Millner Non-Executive Director and Chairman

David Capp Hall, AM
Alexander James Payne
Ian Thomas Huntley

Non-Executive Director
Non-Executive Director

Investment Manager

Contact Asset Management Pty Limited

Portfolio Managers

Tom Millner Will Culbert

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 Assurance Services Pty Limited Level 5 6 O'Connell Street SYDNEY NSW 2000

Share Registry

Advanced Share Registry Services Limited 110 Stirling Highway Nedlands WA 6009

Australian Stock Exchange Code

Ordinary Shares BKI

Website

www.bkilimited.com.au



DIRECTORS' REPORT

The Directors of BKI Investment Company Limited (the Company) present the following report for the six months to 31 December 2016.

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 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 2016 was \$25,031,000 (2015: \$22,146,000).

"Operating result after tax - before special investment revenue" decreased by 1.0% to \$21,170,000 (2015: \$21,380,000). Special investment revenue increased 404% to \$3,860,925 (2015: \$766,666).

3. Significant changes in the state of affairs

Effective from 1 November 2016, BKI externalised the management of its investment portfolio, with Contact Asset Management Pty Limited assuming the portfolio management and advisory function. 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.



DIRECTORS' REPORT (continued)

4. Auditor's Independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 24.

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 Corporations Instrument (Rounding in Financial/ Directors' Reports) 2016/191. The Company is an entity to which the legislative instrument applies.

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

Robert D Millner Director

Sydney 17 January 2017



CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR TO 31 DECEMBER 2016

	Note	Dec 16	Dec 15
		\$'000	\$'000
Revenue from investment portfolio	3 (a)	21,429	21,684
Revenue from bank deposits	3 (c)	477	586
Other gains	3 (d)	218	859
Income from operating activities before special investment revenue	-	22,124	23,129
Operating expenses	4	(691)	(807)
Net discount/ (expenses) associated with acquisition of controlled entities		191	(115)
Operating result before income tax expense and special investment revenue		21,624	22,207
Income tax expense		(454)	(827)
Net operating result before special investment revenue		21,170	21,380
Special investment revenue	3 (b)	3,861	766
Net operating profit for the half year	_	25,031	22,146
Profit for the half year attributable to members of the Company		25,031	22,146
		Cents	Cents
Basic and diluted earnings per share on operating profit before special investment revenue	5	3.52	3.78
Basic and diluted earnings per share including special investment revenue	5	4.17	3.91

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



CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR TO 31 DECEMBER 2016

	Dec 16	Dec 15
	\$'000	\$'000
Profit for the half year attributable to members of the		
Company	25,031	22,146
Other Comprehensive Income		
Realised (losses) on investment portfolio	(3,883)	(5,367)
Tax credit on net realised losses on investment		
portfolio	1,165	1,610
Unrealised gains/ (losses) on investment portfolio	40,727	(16,497)
Deferred tax (expense)/ benefit on unrealised		
(losses)/ gains on investment portfolio	(12,218)	4,949
Total other comprehensive income/ (loss)	25,791	(15,305)
Total comprehensive income	50,822	6,841

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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Dec 16	Jun 16
		\$'000	\$'000
Current Assets		,	•
Cash and cash equivalents		24,022	63,740
Trade and other receivables		2,147	8,315
Trading portfolio	6	677	479
Current tax assets		67	-
Prepayments		36	24
Total Current Assets	-	26,949	72,558
	-	•	
Non-Current Assets			
Investment portfolio	6	946,996	854,460
Property, plant and equipment		15	21
Deferred tax assets	_	13,031	12,129
Total Non-Current Assets		960,042	866,610
	_		
Total Assets		986,991	939,168
Current Liabilities			
Trade and other payables		302	484
Current tax liabilities		-	381
Employee benefits	-	-	16
Total Current Liabilities	-	302	881
Non-Current Liabilities			
Deferred tax liabilities		70,331	58,308
Employee benefits	-	<u> </u>	19
Total Non-Current Liabilities	=	70,331	58,308
* 4.11.1.1.1997	-	70.000	
Total Liabilities	-	70,633	59,208
	-	010.050	
Net Assets	-	916,358	879,960
Position			
Equity	-	705 000	740.004
Share Capital	7	725,639	718,221
Revaluation reserve		161,796	133,287
Realised capital gains reserve		(19,558)	(16,840)
Retained Profits	-	48,481	45,292
Total Equity	-	916,358	879,960

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR TO 31 DECEMBER 2016

			Realised Capital		
	Share	Revaluation	Gains	Retained	_Total
Consolidated Entity	capital	Reserve	Reserve	Profits	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at 1 July 2015	652,562	167,216	(10,369)	43,827	853,236
Issues of shares, net of cost	20,098	-	-	-	20,098
Dividends paid or provided for	-	-	-	(20,314)	(20,314)
Revaluation of investment portfolio	-	(16,497)	-	-	(16,497)
Provision for tax on unrealised gains	-	4,949	-	-	4,949
Profit for the period	-	-	-	22,146	22,146
Net realised (losses) through other comprehensive income	-	-	(3,757)	-	(3,757)
Total Equity at					
31 December 2015	672,660	155,668	(14,126)	45,659	859,861
Total equity at 1 July 2016	718,221	133,287	(16,840)	45,292	879,960
Issues of shares, net cost	7,418				7,418
Dividends paid or provided for				(21,842)	(21,842)
Revaluation of investment portfolio		40,727			40,727
Provision for tax on unrealised gains		(12,218)			(12,218)
Profit for the period				25,031	25,031
Net realised (losses) through other comprehensive income			(2,718)		(2,718)
Total Equity at 31 December 2016	725,639	161,796	(19,558)	48,481	916,358

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 2016

	Dec 16	Dec 15
	\$'000	\$'000
Cash flows from operating activities		
Payments to suppliers and employees	(953)	(788)
Dividends and distributions received	31,439	28,516
Proceeds from sale of held for trading financial assets	20	1,724
Interest received	508	722
Income tax paid	(801)	(1,129)
Net cash inflow from operating activities	30,213	29,045
Cash flows from investing activities		
Purchases for investment portfolio	(71,092)	(21,275)
Sales from investment portfolio	19,740	16,669
Net cash (outflow)/ inflow from acquisition of subsidiary	(9)	199
Payments for plant and equipment	-	(1)
Net cash outflow from investing activities	(51,361)	(4,408)
Cash flows from financing activities		
Proceeds from issues of ordinary shares (net of issue costs)	(23)	(36)
Dividends paid	(18,547)	(17,276)
Net cash outflow from financing activities	(18,570)	(17,312)
Not (decease)/ increase in each hold	(20.749)	7 225
Net (decease)/ increase in cash held	(39,718)	7,325
Cash at the beginning of the period	63,740	41,133
Cash at the end of the period	24,022	48,458

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2016

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 2016 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 2016 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.



	- (
	Dec 16	Dec 15
	\$'000	\$'000
3. INCOME		
(a) Ordinary revenue from investment portfolio		
Fully franked dividends	18,631	19,524
Unfranked dividends	878	707
Trust distributions	1,920	1,453
	21,429	21,684
(b) Special investment revenue		
Fully franked dividends	3,861	766
(c) Revenue from bank deposits		
Interest received	477	586
(d) Other gains/losses		
Net realised gain on sales of investments held for trading	20	998
Net unrealised gain/ (loss) on investments held for trading	198	(139)
	218	859
Total income from ordinary activities	25,985	23,895
4. OPERATING EXPENSES		
Administration expenses	225	211
Management fees	168	-
Employee and director expenses	172	506
	117	80
Professional fees	117	00
Professional fees Depreciation	5	3



5. EARNINGS PER SHARE

	Dec 16	Dec 15
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	601,020,699	566,120,915
	\$'000	\$'000
Operating profit before special investment revenue	21,170	21,380
Net operating profit for the half year	25,031	22,146
	Cents	Cents
Basic and diluted earnings per share on operating profit before special investment revenue	3.52	3.78
Basic and diluted earnings per share including special investment revenue	4.17	3.91
	Dec 16	Jun 16
	\$'000	\$'000
6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO		
Current Investment Portfolio		
Listed securities at fair value held for trading	677	479
Non-Current Investment Portfolio		
Listed securities at fair value available for sale	946,996	854,460
Total investment Portfolio	947,673	854,939



6. FINANCIAL ASSETS - INVESTMENT PORTFOLIO (continued)

Otrack	Shares	Market Value 31 Dec 16	% of Portfolio
Stock	Held	'000	Value
<u>Financials</u>		•	
Commonwealth Bank of Australia Limited	1,125,434	\$92,747	9.8
National Australia Bank Limited	2,709,826	\$83,110	8.8
Westpac Banking Corporation Limited	2,262,015	\$73,742	7.8
Australia & New Zealand Banking Group	1,560,624	\$47,474	5.0
Macquarie Group Limited	230,370	\$20,070	2.1
Insurance Australia Group Limited	3,157,370	\$18,913	2.0
ASX Limited	375,500	\$18,677	2.0
Challenger Limited	1,485,000	\$16,691	1.8
Suncorp Group Limited	1,196,094	\$16,171	1.7
IOOF Holdings Limited	1,174,094	\$10,813	1.1
Bank of Queensland Limited	810,000	\$9,615	1.0
AMP Limited	1,872,946	\$9,440	1.0
Milton Corporation Limited	2,103,640	\$9,172	1.0
Perpetual Limited	181,751	\$8,862	0.9
National Australia Bank Preference Notes	39,775	\$4,037	0.4
National Australia Bank Convertible Notes	40,000	\$4,030	0.4
Equity Trustees Limited	185,054	\$3,239	0.3
Westpac Banking Convertible Notes	20,000	\$2,049	0.2
Djerriwarrh Limited	99,483	\$376	0.1
		\$449,228	47.4
<u>Industrials</u>			
Transurban Group	2,593,205	\$26,762	2.8
Sydney Airport	3,395,427	\$20,339	2.1
Brambles Limited	1,045,576	\$12,965	1.4
Qube Holdings Limited	4,652,747	\$11,353	1.2
Seek Limited	537,500	\$7,998	0.8
Lindsay Australia Limited	17,141,631	\$6,685	0.7
Boral	188,452	\$1,019	0.1
Programmed Maintenance Services	354,654	\$683	0.1
Salmat Limited	1,080,088	\$605	0.1
		\$88,409	9.3



6. FINANCIAL ASSETS - INVESTMENT PORTFOLIO (continued)

Stock	Shares	Market Value 31 Dec 16 \$'000	% of Portfolio
Stock Consumer Stanles	Held	\$ 000	Value
Consumer Staples Wesfarmers Ltd	4 020 002	Ф40 7 07	4.0
	1,038,602	\$43,767	4.6
Woolworths Ltd	1,050,244	\$25,311	2.7
Coca-Cola Amatil Ltd	1,233,894	\$12,487	1.3
GrainCorp Ltd	93,444	\$893	0.1
Amcor	14,388	\$215	0.0
		\$82,673	8.7
<u>Telecommunications Services</u>			
Telstra Corp Ltd	9,234,451	\$47,096	5.0
TPG Telecom Ltd	4,420,000	\$30,144	3.2
		\$77,240	8.2
<u>Utilities</u>			
APA Group	3,659,452	\$31,362	3.4
AGL Energy Limited	1,250,708	\$27,628	2.9
		\$58,990	6.3
Consumer Discretionary			
Invocare Limited	1,358,474	\$18,842	2.0
ARB Corporation Limited	945,447	\$16,687	1.8
Tatts Group Limited	2,489,000	\$11,151	1.2
Flight Centre	270,000	\$8,451	0.9
Fairfax Media Limited	4,100,000	\$3,649	0.3
		\$58,780	6.2
Health Care			
Ramsay Health Care Limited	264,500	\$18,065	1.9
Sonic Healthcare Limited	822,031	\$17,591	1.9
Primary Health Care Limited	2,484,500	\$10,137	1.1
Regis Healthcare Limited	650,428	\$2,979	0.3
Ansell Limited	87,130	\$2,153	0.2
	3.,.30	\$50,925	5.4



6. FINANCIAL ASSETS - INVESTMENT PORTFOLIO (continued)

Stock	Shares Held	Market Value 31 Dec 16 \$'000	% of Portfolio Value
Energy			
New Hope Corporation Limited	14,815,952	\$24,520	2.6
Woodside Petroleum Limited	525,802	\$16,384	1.7
Caltex Australia Limited	151,950	\$4,628	0.5
Santos Limited	615,292	\$2,474	0.3
	·	\$48,006	5.1
<u>Materials</u>			
BHP Billiton Limited	724,822	\$18,164	1.9
Brickworks Limited	436,209	\$5,928	0.6
Alumina Limited	370,000	\$677	0.1
	·	\$24,092	2.6
<u>Property</u>			
Lend Lease	350,035	\$5,118	0.5
Westfield Corporation	233,157	\$2,187	0.2
Scentre Group	290,514	\$1,348	0.1
	-	\$8,653	0.8
Т	OTAL	\$947,673	100.0



7. SHARE CAPITAL	Dec 16 \$'000	Jun 16 \$'000
(a) Issued and paid-up capital	725,639	718,221
(b) Movement in ordinary shares		
	Number of Shares	\$'000
Beginning of the period	598,420,148	718,221
Issues during the half year:		
- dividend reinvestment plan	2,059,684	3,295
 purchase of controlled entity 	2,588,696	4,139
 less transaction costs (net of tax) 		(16)
End of the period	605,128,212	725,639
	Dec 16	Dec 15
	\$'000	\$'000
8. DIVIDENDS		
(a) Dividends paid		
Final ordinary dividend for the year ended 30 June 2016 of 3.65 cents per share (2015: 3.65 cents per		
share) fully franked at the rate of 30%	21,842	20,314
Total dividends paid	21,842	20,314

(b) Dividends declared after balance date

Since the end of the half year the Directors have declared an interim ordinary dividend for the 2017 financial year of 3.60 cents per share, fully franked at the tax rate of 30%. This dividend will be payable on 27 February 2017, but has not been recognised as a liability at the half year.



9. ACQUISITION OF CONTROLLED ENTITIES

During the half year the Company acquired 100% of the shares of one unlisted investment company for a consideration of 2,588,696 new shares in BKI Investment Company Limited (2016FY: 100% of the shares of one unlisted investment company for a consideration of 10,352,024 new shares).

10. RELATED PARTY TRANSACTIONS

Effective from 1 November 2016 BKI appointed Contact Asset Management Pty Limited (**Contact**), an entity in which Mr RD Millner has an indirect interest, to assume responsibility for the portfolio management and advisory function of BKI. A summary of the key terms of the Investment Management Agreement governing this arrangement was included in an announcement lodged with the Australian Stock Exchange on 26 September 2016. Management fees payable to Contact for services provided to the Group for the period were \$168,126 (2016FY: nil).

Other existing arrangements with related parties continue to be in place. For details of these arrangements, refer to the 30 June 2016 annual financial report.

11. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 31 December 2016.

12. EVENTS SUBSEQUENT TO BALANCE DATE

Since 31 December 2016 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.

DIRECTORS' DECLARATION

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 2016 and of its performance for the half year ended on that date; and
 - ii complying with the Australian Accounting Standard AASB134: Interim Financial Reporting and the Corporations Regulations 2001; 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 17 January 2017



MGI Sydney Assurance Services Pty Limited
Level 5, 6 O'Connell Street
Sydney NSW 2000
Tel: +61 2 9230 9200
Fax: +61 2 9222 9099
PO Box H258
Australia Square
Sydney NSW 1215
ABN 24 160 063 525
info@mgisyd.com.au
www.mgisyd.com.au
Director: Brian Wheeler CA

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BKI INVESTMENT COMPANY LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BKI Investment Company Limited and Controlled Entities, which comprises the consolidated statement of financial position as at 31 December 2016, 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, and notes comprising a summary of significant accounting policies and other explanatory information, 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 half-year 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 2016 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 of BKI Investment Company Limited, would be in the same terms if 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 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 2016 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:

Brian Wheeler

Address:

Level 5, 6 O'Connell Street, Sydney NSW 2000

Dated this

17 th day of January 2017



MGI Sydney Assurance Services Pty Limited
Level 5, 6 O'Connell Street
Sydney NSW 2000
Tel: +61 2 9230 9200
Fax: +61 2 9222 9099
PO Box H258
Australia Square
Sydney NSW 1215
ABN 24 160 063 525
info@mgisyd.com.au
www.mgisyd.com.au
Director: Brian Wheeler CA

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

As lead auditor for the review of BKI Investment Company Pty Limited and Controlled Entities for the half-year ended 31 December 2016, 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:

Brian Wheeler

Address:

Level 5, 6 O'Connell Street, Sydney NSW 2000

Dated this

/ブ^本 day of January 2017