

2024

BKI INVESTMENT COMPANY LIMITED
ABN: 23 106 719 868

Interim Financial Report

for the half year ended 31 December 2023

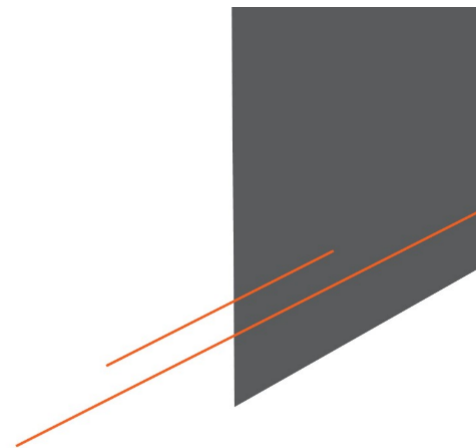
BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868

Appendix 4D – Half Year Report

31 December 2023

Lodged with the ASX under Listing Rule 4.2A



The reporting period is the half-year ended 31 December 2023 with the previous corresponding period being for the half-year ended 31 December 2022

Appendix 4D - Half Year Report

Results for Announcement to the Market

		Change		Dec 23 \$'000	Dec 22 \$'000
Revenue performance:					
Total revenue - Ordinary	Down	3.7%	to	34,946	from 36,297
Special investment revenue	Down	65.5%	to	1,166	from 3,382
Total revenue	Down	9.0%	to	36,112	from 39,679

Profits:

Operating result after tax - before special investment revenue and applicable tax	Down	0.4%	to	33,266	from 33,402
Special investment revenue net of applicable tax	Down	65.5%	to	1,166	from 3,382
Net profit from ordinary activities after tax attributable to shareholders	Down	6.4%	to	34,432	from 36,784
Net profit attributable to shareholders	Down	6.4%	to	34,432	from 36,784

		Change		Dec 23 Cents	Dec 22 Cents
Earnings per share:					
Basic earnings per share before special investment revenue and applicable tax	Down	7.4%	to	4.17	from 4.48
Basic earnings per share after special investment revenue	Down	13.0%	to	4.31	from 4.94

Dividends per share:

Interim – Ordinary, fully franked	Up	4.1%	to	3.85	from 3.70
Interim – Special, fully franked	Down	100.0%	to	-	from 0.50

Explanation of Operating Results

BKI's Net Operating Result, before tax and special investment revenue, was \$33.8 million, a decrease of 4% over the previous corresponding period. BKI's basic earnings per share before special investment revenue decreased 7% to 4.17 cents per share.

Facing an uncertain economy, higher expenses and higher interest rate payments, many companies took the conservative path and lowered payout ratios. BKI's major holdings including BHP Group, Yancoal, New Hope Group and Woodside Energy all reduced their ordinary dividends by more than 30% from the prior year, impacting BKI's results for the first half of FY2024, with Ordinary Investment Revenue decreasing 9% to \$32.4 million. Offsetting these declines were higher ordinary dividends received from other major positions within the portfolio including Lindsay Australia, Suncorp, Washington H. Soul Pattinson, Commonwealth Bank, Telstra Corporation and APA Group.

BKI's Net Operating Profit After Tax, including special investment revenue for the first half of FY2024 was \$34.4 million, down 6% on last year.

BKI's basic earnings per share for the period, including special investment revenue, was 4.31 cents per share down 13% from last year.

BKI Investment Company Limited
Appendix 4D
31 December 2023

	Ordinary Operations Dec 23 \$'000	Special Investment Revenue Dec 23 \$'000	Statutory Numbers Dec 23 \$'000	Statutory Numbers Dec 22 \$'000
Revenue from investment portfolio	32,419	1,166	33,585	39,150
Revenue from bank deposits	2,188	-	2,188	529
Other gains	339	-	339	-
Income from operating activities	34,946	1,166	36,112	39,679
Operating expenses	(1,211)	-	(1,211)	(1,203)
Discount on acquisition of controlled entity, net of expenses	22	-	22	-
Operating result before tax	33,757	1,166	34,923	38,476
Income tax expense	(491)	-	(491)	(1,692)
Net operating result	33,266	1,166	34,432	36,784

	Cents per share	Cents per share	Cents per share
Basic and diluted earnings per share	4.17	4.31	4.94

NTA Backing

	Dec 23	Dec 22
Net Tangible Asset backing per ordinary share before tax	182.1 cents	176.3 cents
Net Tangible Asset backing per ordinary share after tax	169.5 cents	164.8 cents

Additional Dividend Information

The BKI Board has declared an interim ordinary dividend of 3.85 cents per share fully franked at the tax rate of 30%. The ex-dividend date is Monday, 5 February 2024, and the Record Date for determining entitlements to the dividends is Tuesday, 6 February 2024. The dividend will be paid to shareholders on Tuesday, 27 February 2024.

The Company will continue its Dividend Reinvestment Plan, offering shareholders the opportunity to receive additional shares in the Company instead of receiving cash dividends. The Dividend Reinvestment Plan will be offered at no discount. The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is Wednesday, 7 February 2024. Shareholders can update their election notices by contacting our share registry. Contact information can be found by following this link on the BKI website <https://bkilimited.com.au/share-registry/>.

BKI Investment Company Limited

ABN 23 106 719 868

Interim Financial Report - 31 December 2023

BKI Investment Company Limited
Corporate directory
31 December 2023

Directors	Robert Dobson Millner AO Non-Executive Chair David Capp Hall AM Independent Non-Executive Director Alexander James Payne Non-Executive Director Ian Thomas Huntley Independent Non-Executive Director Jacqueline Ann Clarke Independent Non-Executive Director
Investment Manager	Contact Asset Management Pty Limited (Contact) Thomas Charles Dobson Millner Portfolio Manager William Anthony Culbert Portfolio Manager
Company secretary	Amanda Wong
Registered office and principal place of business	Suite 302, Level 3 1 Castlereagh Street Sydney NSW 2000 Telephone: (02) 7251 6242 Facsimile: (02) 8355 1617
Postal address	PO Box H280 Australia Square NSW 1215
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000 Telephone: 1300 853 816
Auditor	MGI Sydney Assurance Services Pty Ltd Level 14 20 Martin Place Sydney NSW 2000
ASX listing	BKI Investment Company Limited shares are listed on the Australian Securities Exchange (ASX code: BKI)
Website	www.bkilimited.com.au

BKI Investment Company Limited
Directors' report
31 December 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of BKI Investment Company Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were Directors of BKI Investment Company Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Robert Dobson Millner AO	Non-Executive Director and Chair
David Capp Hall AM	Non-Executive Director
Ian Thomas Huntley	Non-Executive Director
Alexander James Payne	Non-Executive Director
Jacqueline Ann Clarke	Non-Executive Director

Principal activities

The principal activities of the Group are that of a Listed Investment Company (LIC) primarily focused on long-term investment in ASX listed securities. There were no significant changes in the nature of those activities during the half-year.

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	Dec 23	Dec 22
	\$'000	\$'000
Final ordinary dividend for the year ended 30 June 2023 of 4.00 cents per share (2022 final: 3.65 cents per share) fully franked at the tax rate of 30%, paid on 29 August 2023	31,671	27,122
Nil special dividend for the year ended 30 June 2023 (2022 special: 1.00 cent per share)	-	7,431
	<u>31,671</u>	<u>34,553</u>

Dividends declared after balance date

Since the end of the half year, the Directors have declared an interim ordinary dividend for the 2024 financial year of 3.85 cents per share, fully franked at the tax rate of 30%. The dividend will be paid on 27 February 2024 but has not been recognised as a liability at the half year.

Review of the Group's operations and results

Corporate Objectives

The Group aims to generate an increasing income stream for distribution to shareholders 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.

Investment Strategy

The Group is a research driven, long term investor focusing on well managed companies, with a profitable history and that offer attractive dividend yields. Stock selection is bottom up, focusing on the merits of individual companies rather than market and economic trends.

Financial Performance

Facing an uncertain economy, higher expenses and higher interest rate payments, dividends declared during the 2023 August/September reporting season were softer than hoped, as many companies took the conservative path and lowered payout ratios.

BKI Investment Company Limited
Directors' report
31 December 2023

BKI's major holdings including BHP Group, Yancoal, New Hope Group and Woodside Energy all reduced their ordinary dividends by more than 30% from the prior year. Offsetting these declines were higher ordinary dividends received from other major positions within the portfolio including Lindsay Australia, Suncorp, Washington H. Soul Pattinson, Commonwealth Bank, Telstra Corporation and APA Group.

With Term Deposit rates more attractive, BKI received \$2.2 million in interest income, up considerably on the \$0.5 million received last year. BKI also realised \$0.3 million of income from its Trading Portfolio.

BKI's Net Operating Result, before tax and special investment revenue, was \$33.8 million, down 4% over the previous corresponding period. BKI's Basic Earnings per Share before special investment revenue also declined by 7% to 4.17 cents per share.

BKI received \$1.2 million in Special Dividend Income in the first half of FY2024 after another special dividend from New Hope Corporation was received. BKI's Net Operating Profit After Tax, including special investment revenue for the first half of FY2024 was \$34.4 million, down 6% on last year. BKI's Basic Earnings per Share for the period, including special investment revenue, was 4.31 cents per share down 13% on last year.

Likely Developments and Expected Results

The operations of the Group will continue with planned long-term investments in Australian equities and fixed interest securities where appropriate. BKI will continue its strategy of investing for the long term in a portfolio of assets to deliver shareholders an increasing income stream and long-term capital growth. The success of this strategy will be strongly influenced by the performance of the underlying investee companies, their share price movements, and capital management and income distribution policies.

The performance of these companies will be influenced by general economic and market conditions such as economic growth rates, interest rates, and inflation. Performance could also be influenced by regulatory change. These external conditions are difficult to predict and not within the control of the Group, making it difficult to forecast the future results of the Group.

BKI is a research driven, long term manager focusing on investing in well managed, profitable companies, focusing on the merits of individual companies rather than market and economic trends. BKI will continue to implement prudent business practice to allow the achievement of the Group's Corporate Objectives and Business Strategy.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

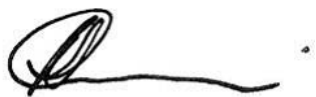
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

BKI Investment Company Limited
Directors' report
31 December 2023

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, consisting of a large, stylized initial 'R' followed by a long, horizontal, slightly wavy line.

Robert D Millner AO
Chair

16 January 2024
Sydney



MGI Sydney Assurance Services Pty Limited
Level 14, 20 Martin Place
Sydney NSW 2000
Tel: +61 2 9230 9200
PO Box H258
Australia Square
Sydney NSW 1215
ABN 24 160 063 525
www.mgisyd.com.au

**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 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MGI Sydney Assurance Services

MGI Sydney Assurance Services Pty Limited
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Kimmy Jongue', written over a white background.

Kimmy Jongue
Director
Sydney, 16 January 2024

BKI Investment Company Limited
Consolidated statement of profit or loss
For the half-year ended 31 December 2023

	Note	Consolidated Dec 23 \$'000	Dec 22 \$'000
Ordinary revenue from investment portfolio	3	32,419	35,768
Revenue from bank deposits	3	2,188	529
Other gains	3	339	-
Income from operating activities before special investment revenue		34,946	36,297
Operating expenses	4	(1,211)	(1,203)
Discount on acquisition of controlled entity, net of expenses	6	22	-
Operating result before income tax expense and special investment revenue		33,757	35,094
Special investment revenue	3	1,166	3,382
Operating result before income tax expense		34,923	38,476
Income tax expense		(491)	(1,692)
Operating result after income tax expense for the half-year attributable to the owners of BKI Investment Company Limited		34,432	36,784

		Dec 23 Cents	Dec 22 Cents
Basic and diluted earnings per share before special investment revenue	12	4.17	4.48
Basic and diluted earnings per share after special investment revenue	12	4.31	4.94

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes

BKI Investment Company Limited
Consolidated statement of other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated Dec 23 \$'000	Dec 22 \$'000
Operating result after income tax expense for the half-year attributable to the owners of BKI Investment Company Limited		34,432	36,784
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Unrealised gains on investment portfolio		55,116	70,627
Deferred tax expense on unrealised gains on investment portfolio		(16,594)	(21,188)
Realised losses on investment portfolio		(2,983)	-
Tax benefit relating to realised losses on investment portfolio		895	-
		<hr/>	<hr/>
Other comprehensive income for the half-year, net of tax		36,434	49,439
		<hr/>	<hr/>
Total comprehensive income for the half-year attributable to the owners of BKI Investment Company Limited		<u>70,866</u>	<u>86,223</u>

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes

BKI Investment Company Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	Consolidated Dec 23 \$'000	Jun 23 \$'000
Assets			
Current assets			
Cash and cash equivalents		94,989	105,222
Trade and other receivables		5,090	10,589
Other		58	52
Total current assets		<u>100,137</u>	<u>115,863</u>
Non-current assets			
Investment portfolio	5	1,363,861	1,275,189
Property, plant and equipment		1	1
Deferred tax		8,171	7,306
Total non-current assets		<u>1,372,033</u>	<u>1,282,496</u>
Total assets		<u>1,472,170</u>	<u>1,398,359</u>
Liabilities			
Current liabilities			
Trade and other payables		282	307
Income tax		1,999	4,228
Total current liabilities		<u>2,281</u>	<u>4,535</u>
Non-current liabilities			
Deferred tax		110,209	92,763
Total non-current liabilities		<u>110,209</u>	<u>92,763</u>
Total liabilities		<u>112,490</u>	<u>97,298</u>
Net assets		<u>1,359,680</u>	<u>1,301,061</u>
Equity			
Share capital	6	1,036,235	1,016,811
Reserves		224,722	188,288
Retained profits		98,723	95,962
Total equity		<u>1,359,680</u>	<u>1,301,061</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

BKI Investment Company Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Share capital \$'000	Revaluation reserve \$'000	Realised capital gains reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2022	935,766	159,107	(15,060)	91,766	1,171,579
Operating result after income tax expense for the half-year	-	-	-	36,784	36,784
Other comprehensive income for the half-year, net of tax	-	49,439	-	-	49,439
Total comprehensive income for the half-year	-	49,439	-	36,784	86,223
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	4,341	-	-	-	4,341
Dividends paid (note 7)	-	-	-	(34,553)	(34,553)
Balance at 31 December 2022	940,107	208,546	(15,060)	93,997	1,227,590

Consolidated	Share capital \$'000	Revaluation reserve \$'000	Realised capital gains reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2023	1,016,811	206,925	(18,637)	95,962	1,301,061
Operating result after income tax expense for the half-year	-	-	-	34,432	34,432
Other comprehensive income for the half-year, net of tax	-	38,522	(2,088)	-	36,434
Total comprehensive income for the half-year	-	38,522	(2,088)	34,432	70,866
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 6)	19,424	-	-	-	19,424
Dividends paid (note 7)	-	-	-	(31,671)	(31,671)
Balance at 31 December 2023	1,036,235	245,447	(20,725)	98,723	1,359,680

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

BKI Investment Company Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	Note	Consolidated Dec 23 \$'000	Dec 22 \$'000
Cash flows from operating activities			
Payments to suppliers and employees		(1,280)	(1,202)
Dividends and distributions received		39,378	42,858
Interest received		2,375	529
Income taxes refunded/(paid)		(1,810)	1,137
		<u>38,663</u>	<u>43,322</u>
Net cash from operating activities			
Cash flows from investing activities			
Payments for investments		(58,210)	(34,062)
Proceeds from sale of investment portfolio		37,202	-
		<u>(21,008)</u>	<u>(34,062)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Share issue transaction costs	6	(44)	(14)
Dividends paid	7	(27,844)	(30,202)
		<u>(27,888)</u>	<u>(30,216)</u>
Net cash used in financing activities			
Net decrease in cash and cash equivalents		(10,233)	(20,956)
Cash and cash equivalents at the beginning of the financial half-year		<u>105,222</u>	<u>72,078</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>94,989</u></u>	<u><u>51,122</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

BKI Investment Company Limited
Notes to the consolidated financial statements
31 December 2023

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing the performance of the operating segments. The Group operates solely in the securities industry in Australia and has no reportable segments.

Note 3. Revenue

	Consolidated	
	Dec 23	Dec 22
	\$'000	\$'000
(a) Ordinary revenue from investment portfolio		
Fully franked dividends	26,498	28,355
Unfranked dividends	1,849	3,917
Trust distributions	4,072	3,496
Total ordinary revenue from investment portfolio	32,419	35,768
(b) Special investment revenue		
Fully franked dividends	1,166	3,382
(c) Revenue from bank deposits		
Interest received	2,188	529
(d) Other gains		
Net realised gain on sale of investments held for trading	339	-
Total revenue	36,112	39,679

BKI Investment Company Limited
Notes to the consolidated financial statements
31 December 2023

Note 4. Operating expenses

	Consolidated	
	Dec 23	Dec 22
	\$'000	\$'000
Administration expenses	205	276
Employment expenses	168	159
Investment management	720	660
Professional fees	118	108
	1,211	1,203
	1,211	1,203

Note 5. Non-current assets - investment portfolio

	Consolidated	
	Dec 23	Jun 23
	\$'000	\$'000
Listed securities at fair value through other comprehensive income	1,363,861	1,275,189
	1,363,861	1,275,189

	Equities held	Market value	
		31 Dec 23	% of Portfolio
		\$'000	value
Stock			
Financials			
Macquarie Group Limited	655,182	120,311	8.82
Commonwealth Bank of Australia Limited	1,013,044	113,259	8.30
National Australia Bank Limited	3,583,400	110,011	8.07
Suncorp Group Limited	1,531,408	21,210	1.56
Equity Trustees Limited	447,932	11,422	0.84
E&P Financial Group Limited	6,631,759	3,349	0.25
Carlton Investments Limited	35,614	1,054	0.08
Perpetual Limited	7,000	178	0.01
		380,794	27.93
Materials			
BHP Group	2,884,976	145,432	10.66
Amcor plc	1,670,000	23,731	1.74
Brickworks Limited	436,209	12,196	0.89
Orora Limited	3,442,804	8,951	0.66
		190,310	13.95
Energy			
New Hope Corporation Limited	12,950,952	66,827	4.90
Woodside Energy Limited	1,657,438	51,480	3.77
Yancoal Australia Limited	3,485,000	17,250	1.27
Washington H. Soul Pattinson & Co Limited	413,086	13,537	0.99
Ampol Limited	360,000	13,014	0.96
		162,108	11.89
Consumer discretionary			
Wesfarmers Limited	1,236,736	70,543	5.17
ARB Corporation Limited	978,590	35,190	2.58
Harvey Norman Holdings Limited	8,070,000	33,894	2.49
EVT Limited	191,057	2,337	0.17
		141,964	10.41
Utilities			
APA Group Limited	9,716,652	82,980	6.08
		82,980	6.08

BKI Investment Company Limited
Notes to the consolidated financial statements
31 December 2023

Note 5. Non-current assets - investment portfolio (continued)

Stock	Equities held	Market value 31 Dec 23 \$'000	% of Portfolio value
Industrials			
Transurban Group	3,485,952	47,792	3.50
Aurizon Holdings	5,245,000	19,931	1.46
Lindsay Australia Limited	17,141,631	19,970	1.47
Reece Limited	515,499	11,542	0.85
Smartgroup Corporation Limited	1,310,000	11,423	0.84
IPH Limited	665,000	4,263	0.31
		114,921	8.43
Consumer Staples			
Woolworths Limited	1,209,906	45,008	3.30
Coles Group Limited	1,137,838	18,331	1.34
Metcash Limited	3,621,084	12,638	0.93
Treasury Estate	1,006,939	10,855	0.80
Endeavour Group Limited	50,000	260	0.02
		87,092	6.39
Telecommunications Services			
Telstra Group Limited	11,000,000	43,560	3.19
TPG Telecom Limited	5,748,362	29,777	2.18
Tuas Limited	2,874,181	9,197	0.67
Nine Entertainment Co. Holdings Limited	2,300,000	4,646	0.34
		87,180	6.38
Health Care			
Sonic Healthcare Limited	1,262,000	40,485	2.97
Ramsay Health Care Limited	575,000	30,251	2.22
Regis Healthcare Limited	1,807,428	5,874	0.43
		76,610	5.62
Property			
Goodman Group Limited	945,000	23,909	1.75
Stockland	2,185,000	9,723	0.71
Mirvac Limited	3,000,000	6,270	0.46
		39,902	2.92
TOTAL		1,363,861	100.00

Note 6. Equity - issued capital

	Consolidated			
	Dec 23 Shares	Jun 23 Shares	Dec 23 \$'000	Jun 23 \$'000
Ordinary shares - fully paid	802,824,937	791,783,319	1,036,235	1,016,811

BKI Investment Company Limited
Notes to the consolidated financial statements
31 December 2023

Note 6. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Shares	\$'000
Balance at 1 July 2023	791,783,319	1,016,811
Dividend reinvestment plan	2,162,212	3,827
Acquisition of controlled entity	8,879,406	15,628
Transaction costs		(44)
Deferred tax credit recognised directly in equity		13
		<hr/>
Balance at 31 December 2023	<u>802,824,937</u>	<u>1,036,235</u>

Acquisition of controlled entity

During the half year the Company acquired 100% of the shares of one unlisted investment company. The acquisition benefits BKI shareholders by increasing the size of BKI's portfolio in a cost-effective manner, and at the same time reducing the per share cost of managing the portfolio.

The Company issued 8,879,406 new shares in BKI Investment Company Limited as consideration for the acquisition, having a fair value of \$15.7 million. The acquisition resulted in BKI achieving a discount on the acquisition, which is not allocated against the assets of the company purchased because only financial assets were purchased. The discount has therefore been included in "Discount on acquisition of controlled entity, net of expenses" in the "Consolidated Income Statement".

Note 7. Equity - dividends

(a) Dividends paid during the financial half-year

	Consolidated	
	Dec 23	Dec 22
	\$'000	\$'000
Final ordinary dividend for the year ended 30 June 2023 of 4.00 cents per share (2022 final: 3.65 cents per share) fully franked at the tax rate of 30%, paid on 29 August 2023	31,671	27,122
Nil special dividend for the year ended 30 June 2023 (2022 special: 1.00 cent per share)	-	7,431
	<hr/>	<hr/>
	<u>31,671</u>	<u>34,553</u>

(b) Reconciliation of total dividends paid to dividends paid in cash

	Consolidated	
	Dec 23	Dec 22
	\$'000	\$'000
Total dividends paid	31,671	34,553
Less: Dividends reinvested in shares via DRP	(3,827)	(4,351)
	<hr/>	<hr/>
Dividends paid in cash	<u>27,844</u>	<u>30,202</u>

Dividends declared after balance date

Since the end of the half year, the Directors have declared an interim ordinary dividend for the 2024 financial year of 3.85 cents per share, fully franked at the tax rate of 30%. The dividend will be paid on 27 February 2024 but has not been recognised as a liability at the half year.

Note 8. Contingent liabilities

The Group had no contingent liabilities at 31 December 2023.

BKI Investment Company Limited
Notes to the consolidated financial statements
31 December 2023

Note 9. Commitments

The Group had no capital commitments as at 31 December 2023.

Note 10. Related party transactions

The Group did not enter into any new arrangements with related parties during the half-year ended 31 December 2023.

Note 11. Events after the reporting period

Apart from the dividend declared as disclosed in note 7, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 12. Earnings per share

(a) Calculation of earnings

	Consolidated	
	Dec 23	Dec 22
	\$'000	\$'000
Operating result after income tax attributable to the owners of BKI Investment Company Limited	34,432	36,784
Less: Special investment revenue	(1,166)	(3,382)
	<hr/>	<hr/>
Earnings used in calculating basic and diluted earnings per share before special investment revenue	<u>33,266</u>	<u>33,402</u>

(b) Number of shares

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share, before and after special investment revenue	798,657,069	744,809,675
Weighted average number of ordinary shares used in calculating diluted earnings per share, before and after special investment revenue	798,657,069	744,809,675

(c) Earnings per share

	Cents	Cents
Basic and diluted earnings per share before special investment revenue	4.17	4.48
	Cents	Cents
Basic and diluted earnings per share after special investment revenue	4.31	4.94

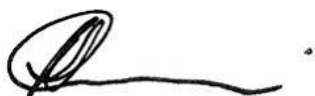
BKI Investment Company Limited
Directors' declaration
31 December 2023

In the Directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Robert D Millner AO
Chair

16 January 2024
Sydney



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 2023, the consolidated statement of profit or loss, 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 2023 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 review 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 2023 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*.

Other Information

The directors of the Company are responsible for the other information. The other information obtained at the date of this review report comprises the information included in the Directors' Report for the half year ended 31 December 2023, but does not include the financial report and our review report thereon. Our conclusion on the financial report does not cover the other information and accordingly we do not express any form of review conclusion thereon.

In connection with our review of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the review or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MGI Sydney Assurance Services

MGI Sydney Assurance Services Pty Limited
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Kimmy Jongue', written over a white background.

Kimmy Jongue
Director
Sydney, 16 January 2024



**BKI INVESTMENT
COMPANY LIMITED**

ABN: 23 106 719 868

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