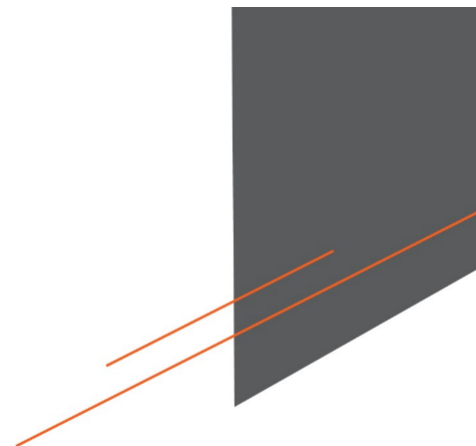


BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868



BKI

BKI INVESTMENT
COMPANY LIMITED

Appendix 4E – Preliminary Final Report

30 June 2022

Lodged with the ASX under Listing Rule 4.2A

The reporting period is the year ended 30 June 2022 with the previous corresponding period being the year ended 30 June 2021

BKI Investment Company Limited
Year ended 30 June 2022

Appendix 4E – Preliminary Final Report
Results for Announcement to the Market

				June 2022		June 2021
				\$'000		\$'000
	Change					
Revenue Performance:						
Total revenue - Ordinary	Up	58%	to	63,390	from	40,154
Special investment revenue	Up	4,079%	to	42,713	from	1,022
Total revenue	Up	158%	to	106,103	from	41,176

Profits:						
Operating result after tax - before special investment revenue and applicable tax	Up	63%	to	58,086	from	35,660
Special investment revenue net of applicable tax	Up	4,236%	to	42,713	from	985
Net profit from ordinary activities after tax attributable to shareholders	Up	175%	to	100,799	from	36,645
Net profit attributable to shareholders	Up	175%	to	100,799	from	36,645

				June 2022		June 2021
				Cents		Cents
	Change					
Earnings per share:						
Basic earnings per share before special investment revenue and applicable tax	Up	62%	to	7.84	from	4.83
Basic earnings per share after special investment revenue	Up	173%	to	13.60	from	4.97

Dividends per share:						
Interim – Ordinary, fully franked				3.50		2.00
Interim – Special, fully franked				0.50		nil
Final – Ordinary, fully franked				3.65		3.00
Final – Special, fully franked				1.00		nil

BKI Investment Company Limited

Year ended 30 June 2022

Appendix 4E – Preliminary Final Report

Results for Announcement to the Market

Explanation of Operating Results

The Australian economy has greatly benefited from a variety of stimulus packages over the last couple of years. This created a huge tailwind to households, consumers and businesses across Australia and the world. These strong economic conditions prevailed throughout FY2022 which saw company profits improve and dividends paid by Australian equities increase significantly throughout the year.

During the second half of FY2022 we have been faced with ongoing challenges including, the war in Ukraine, labour shortages, localised flooding, inventory shortages and disruptions to energy supply. These issues impacted pricing and availability of almost all goods and services within Australia, leading to a sharp rise in inflation.

BKI's Total Ordinary Revenue was up 58% to \$63.4 million. The result was boosted by higher ordinary dividends received over the last year from Woodside Energy (formerly Woodside Petroleum), New Hope Corporation, BHP Group, Rio Tinto, Commonwealth Bank, National Australia Bank, Transurban Group and Macquarie Group.

BKI realised \$0.6 million from the trading portfolio, after participating in some minor trading positions. Due to the extremely low interest rates on offer, BKI's interest received was only \$0.1 million, down 29% on FY2021. BKI's Net Operating Profit After Tax, before special investment revenue, was a record \$58.1 million, an increase of 63% over the previous corresponding period. BKI's basic earnings per share before special investment revenue was 62% higher to 7.84 cents per share.

Special Investment Revenue was significantly higher in FY2022, rising from \$1.0 million to \$42.7 million. Special Dividends were received from New Hope Corporation, Telstra Corporation, Smart Group Limited and Rio Tinto Limited. BKI participated in off market buy-backs conducted by Commonwealth Bank, Woolworths Limited and Metcash Limited. Also, during the period, BKI received a fully franked in-specie distribution following the Woodside Energy acquisition of BHP Petroleum International Pty Ltd. The distribution was non-cash with BKI receiving additional Woodside Energy shares.

This significant lift in Special Investment Revenue resulted in BKI's Net Operating Profit After Tax, including special investment revenue for FY2022 of \$100.8 million, up 175% on the previous corresponding period and a record for the company. BKI's FY2022 basic earnings per share, including special investment revenue, increased 173% to 13.60 cents per share from 4.97 cents per share in FY2021.

Total Shareholder Return including franking credits for the year to 30 June 2022 was positive 8.7%, compared to the S&P/ASX 300 Accumulation Index (franked at 80%), which returned negative 5.3% over the same period, an outperformance of 14.0%. BKI's Total Shareholder Return including Franking Credits for 15 years was positive 7.6% per annum compared to the S&P/ASX 300 Accumulation Index (franked at 80%), which returned positive 6.3%.

BKI's Net Portfolio Return (after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends) for the year to 30 June 2022 was positive 1.5%.

BKI Investment Company Limited
Year ended 30 June 2022

Appendix 4E – Preliminary Final Report
Results for Announcement to the Market

NTA Backing

	June 2022	June 2021
Net Tangible Asset backing per ordinary share before tax	\$1.66	\$1.71
Net Tangible Asset backing per ordinary share after tax	\$1.58	\$1.59

Additional Dividend Information

The Directors declared a final ordinary 2022FY dividend of 3.65 cents per share and a special dividend of 1.0 cents per share, both fully franked at the tax rate of 30%, which will be paid on 30 August 2022. The Record date for the dividend is 10 August 2022.

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 11 August 2022.

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)

Other Information

This report is based on audited accounts. A copy of the 2022 Annual Report, which includes the audited accounts, is attached to this Appendix 4E.



2022

BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868

Annual Report

for the year ended 30 June 2022

For personal use only

BKI Investment Company Limited
Corporate directory
30 June 2022

Directors	Robert Dobson Millner David Capp Hall, AM Alexander James Payne Ian Thomas Huntley Jacqueline Ann Clarke	Non-Executive Chair Independent Non-Executive Director Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director
Investment Manager	Contact Asset Management Pty Limited (Contact) Thomas Charles Dobson Millner William Anthony Culbert	Portfolio Manager Portfolio Manager
Company secretaries	Jaime Perry Pinto Amanda Wong Larina Tcherkezian (Alternate)	
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	Advanced Share Registry Services Limited 110 Stirling Highway Nedlands WA 6009 Telephone: (08) 9389 8033	
Auditor	MGI Sydney Assurance Services Pty Ltd 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	
Corporate Governance Statement	www.bkilimited.com.au/about-us/corporate-governance/#statement	

BKI Investment Company Limited
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For personal use

BKI Investment Company Limited
Financial highlights
30 June 2022

				Jun 2022		Jun 2021
				\$'000		\$'000
Revenue performance						
Total revenue – ordinary	up	58%	to	63,390	from	40,154
Special investment revenue	up	4,079%	to	42,713	from	1,022
Total income from ordinary activities	up	158%	to	106,103	from	41,176
Profits						
Operating result after tax - before special investment revenue net of applicable tax	up	63%	to	58,086	from	35,660
Special investment revenue net of applicable tax	up	4,236%	to	42,713	from	985
Net profit from ordinary activities after tax attributable to shareholders	up	175%	to	100,799	from	36,645
Net profit attributable to shareholders	up	175%	to	100,799	from	36,645
Portfolio						
Total portfolio value (including cash & receivables)	down	2%	to	1,236,581	from	1,261,368
Earnings per share (EPS)						
				Cents		Cents
Basic EPS before special investment revenue and applicable tax	up	62%	to	7.84	from	4.83
Basic EPS after special investment revenue and applicable tax	up	173%	to	13.60	from	4.97
Dividends						
Interim - Ordinary	up	75%	to	3.500	from	2.000
Interim - Special	up	100%	to	0.500	from	nil
Final - Ordinary	up	21%	to	3.650	from	3.000
Final - Special	up	100%	to	1.000	from	nil
Full Year Total	up	73%	to	8.650	from	5.000

10 Year Dividend History (cents per share):

	30 June	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interim - Ordinary	3.25	3.45	3.55	3.60	3.60	3.625	3.625	3.625	3.625	2.000	3.500
Interim - Special	0.50	-	-	-	-	-	-	2.500	1.000	-	0.500
Final - Ordinary	3.40	3.50	3.65	3.65	3.70	3.700	3.700	3.700	2.320	3.000	3.650
Final - Special	-	-	-	-	-	-	-	-	-	-	1.000
Total	7.15	6.95	7.20	7.25	7.30	7.325	9.825	9.825	6.945	5.000	8.650

All ordinary and special dividends paid by BKI Investment Company Limited ("BKI") since listing on the Australian Securities Exchange have been fully franked.

10 Year Net Tangible Asset (NTA) History (\$ per share):

	30 June	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
NTA before tax	1.52	1.63	1.65	1.55	1.61	1.63	1.63	1.69	1.47	1.71	1.66
NTA after tax	1.42	1.51	1.53	1.47	1.52	1.52	1.54	1.58	1.43	1.59	1.58

BKI Investment Company Limited
Financial highlights
30 June 2022

List of Securities as at 30 June 2022

	Number of securities held	Market value \$'000	Portfolio weight %
Financials			
Macquarie Group Limited	655,182	107,784	8.72
Commonwealth Bank of Australia	917,528	82,926	6.71
National Australia Bank Limited	2,501,904	68,527	5.54
Suncorp Group Limited	1,531,408	16,815	1.36
Pendal Group Limited	2,920,833	12,910	1.04
Equity Trustees Limited	383,942	10,059	0.81
E&P Financial Group Limited	6,631,759	3,216	0.26
		302,237	24.44
Materials			
BHP Group Limited	2,640,000	108,900	8.81
Rio Tinto Limited	295,000	30,297	2.45
Arcor Limited	1,670,000	30,127	2.44
Brickworks Limited	436,209	8,087	0.65
Orora Limited	1,600,000	5,840	0.47
		183,251	14.82
Consumer Discretionary			
Wesfarmers Limited	1,129,102	47,321	3.83
ARB Corporation Limited	945,447	26,699	2.16
Harvey Norman Holdings Limited	7,040,162	26,119	2.10
Invocare Limited	1,638,974	17,144	1.39
		117,283	9.48
Energy			
Woodside Energy Limited	1,652,925	52,629	4.26
New Hope Corporation Limited	12,950,952	44,810	3.62
Washington H Soul Pattinson & Co Limited	391,908	9,226	0.75
Ampol Limited	155,000	5,306	0.43
		111,971	9.06
Utilities			
APA Group	8,775,389	98,899	8.00
		98,899	8.00
Industrials			
Transurban Group	3,485,952	50,128	4.05
Aurizon Holdings Limited	4,650,000	17,670	1.43
Reece Limited	515,499	7,104	0.57
Lindsay Australia Limited	17,141,631	7,028	0.57
IPH Limited	665,000	5,426	0.44
Smartgroup Corporation Limited	600,000	3,666	0.30
		91,022	7.36

BKI Investment Company Limited
Financial highlights
30 June 2022

List of Securities as at 30 June 2022 (Continued)

	Number of securities held	Market value \$'000	Portfolio weight %
Consumer Staples			
Woolworths Group Limited	1,159,906	41,293	3.34
Coles Group Limited	1,129,102	20,109	1.63
Metcash Limited	3,621,084	15,353	1.24
Treasury Wine Estates Limited	905,155	10,274	0.83
		87,029	7.04
Health Care			
Ramsay Health Care Limited	515,070	37,723	3.05
Sonic Healthcare Limited	960,899	31,719	2.57
Regis Healthcare Limited	1,807,428	3,344	0.27
		72,786	5.89
Telecommunications			
TPG Telecom Limited	5,748,362	34,318	2.78
Telstra Corporation Limited	8,524,451	32,819	2.65
Tuas Limited	2,874,181	3,190	0.26
		70,327	5.69
Property			
Goodman Group	945,000	16,859	1.36
Stockland	1,225,000	4,422	0.36
		21,281	1.72
Total Portfolio		1,156,086	93.50
Investment portfolio		1,156,086	93.50
Trading portfolio		-	-
Total Portfolio		1,156,086	93.50
Cash and dividends receivable		80,495	6.50
Total Investment Assets		1,236,581	100.00

The Group is a substantial shareholder in accordance with the Corporations Act 2001 of Lindsay Australia Limited, holding 5.68% of the issued capital as at 30 June 2022. The Group is not a substantial shareholder in any other investee corporation as each equity investment represents less than 5% of the issued capital of the investee corporation.

BKI Investment Company Limited

Chair's address

30 June 2022

Dear Shareholders,

I am pleased to enclose the 19th Annual Report of BKI Investment Company Limited (BKI) for the year to 30 June 2022.

The Australian economy greatly benefited from a variety of stimulus packages over the last couple of years. This created a huge tailwind to households, consumers and businesses across Australia and the world. These strong economic conditions prevailed throughout FY2022 which saw company profits improve and dividends paid by Australian equities increase significantly throughout the year.

However, we are now beginning to experience the secondary effects of flooding the world economy with cash through global stimulus packages distributed during 2020 and 2021. During the second half of FY2022 we faced ongoing challenges including, the war in Ukraine, labour shortages, localised flooding, inventory shortages and disruptions to energy supply. These issues impacted pricing and availability of almost every good and service within Australia, leading to a sharp rise in inflation. This forced Central Banks around the world to begin to lift interest rates which is taking a toll on the economy and equity markets.

Result Highlights

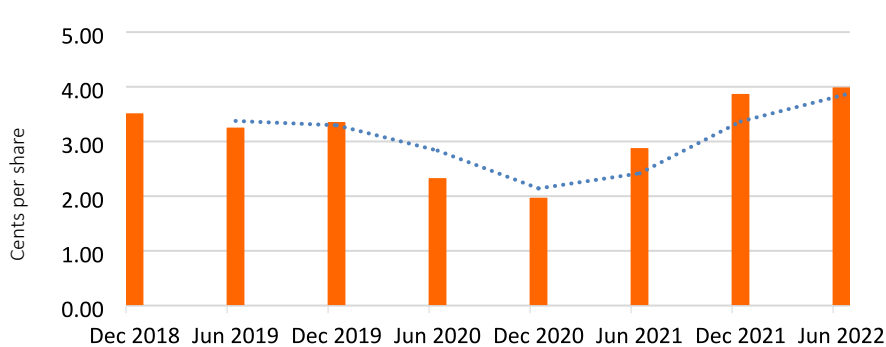
Over FY2022, the S&P/ASX 300 Accumulation Index declined by 6.8%. Despite this, and with the backdrop of a stronger global economy for much of the financial year, many Australian companies were able to return to paying solid dividends to their shareholders. BKI's Revenue from investment portfolio was up 58% to \$62.6 million. The result was boosted by higher ordinary dividends received over the last year from Woodside Energy (formerly Woodside Petroleum), New Hope Corporation, BHP Group, Rio Tinto, Commonwealth Bank, National Australia Bank, Transurban Group and Macquarie Group.

BKI realised \$0.6 million from the trading portfolio, after participating in some minor trading positions. Due to the extremely low interest rates on offer, BKI's interest received was only \$0.1 million, down 29% on FY2021. BKI's Net Operating Profit After Tax, before special investment revenue, was a record \$58.1 million, an increase of 63% over the previous corresponding period. BKI's basic earnings per share before special investment revenue was 62% higher to 7.84 cents per share.

Special Investment Revenue was significantly higher in FY2022, rising from \$1.0 million to \$42.7 million. Special Dividends were received from New Hope Corporation, Telstra Corporation, Smartgroup Limited and Rio Tinto Limited. BKI participated in off market buy-backs conducted by Commonwealth Bank, Woolworths Limited and Metcash Limited. Also, during the period, BKI received a fully franked in-specie distribution following the Woodside Energy acquisition of BHP Petroleum International Pty Ltd. The distribution was non-cash with BKI receiving additional Woodside Energy shares post the transaction.

This significant lift in Special Investment Revenue resulted in BKI's Net Operating Profit After Tax, including special investment revenue for FY2022 of \$100.8 million, up 175% on the previous corresponding period and a record for the company. BKI's FY2022 basic earnings per share, including special investment revenue, increased 173% to 13.60 cents per share from 4.97 cents per share in FY2021.

As illustrated in the chart below, it is pleasing that in FY2022, BKI continued to record an increase in ordinary earnings per share. We are hopeful the outlook for dividends received from BKI's investments should continue to improve in the periods ahead.



BKI Investment Company Limited

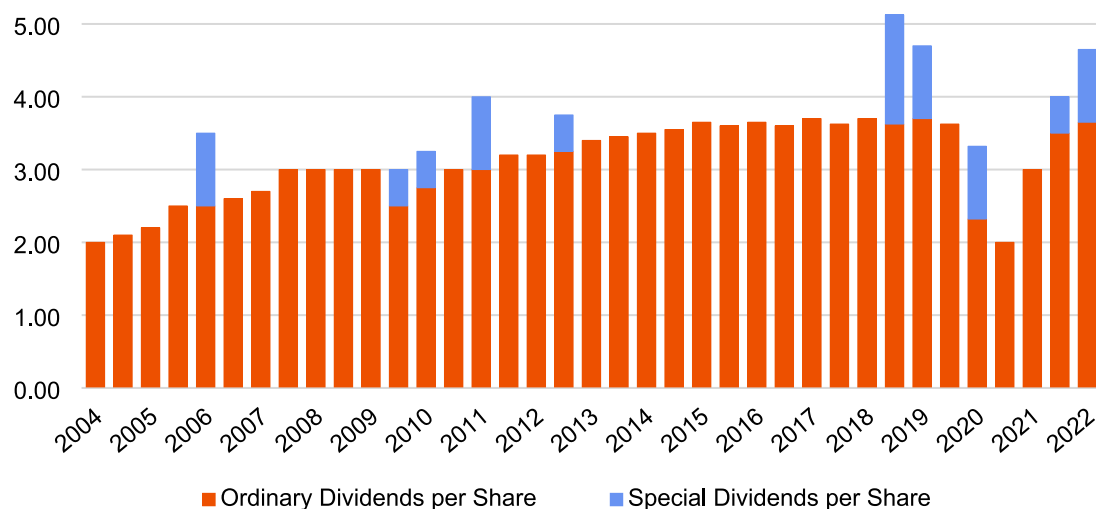
Chair's address

30 June 2022

Dividends

The BKI Board has declared a final ordinary dividend of 3.65cps. In addition, the Board has also declared a final special dividend of 1.00cps. Both dividends will be fully franked.

This takes total dividends paid for the FY2022 year to 8.65cps, up 73% on last year. Including the payment of FY2022 dividends, BKI has now paid out \$878 million or \$1.23 per share in dividends and franking credits to Shareholders since listing.



Based on the 4.00cps FY2022 interim dividends and 3.65cps FY2022 final dividend and 1.00cps final special dividend, the current BKI grossed up dividend yield is 7.4%, based on a tax rate of 30% and a share price of \$1.66, as at 30 June 2022.

Dividend Key Dates

The last trading date to be eligible for the FY2022 Final Dividends is Monday 8 August 2022. Key dates for the fully franked final dividends are as follows:

Event	Date
Last trading date to be eligible for BKI's Dividends	Monday 8 August 2022
Ex-Dividend Date	Tuesday 9 August 2022
Record Date	Wednesday 10 August 2022
DRP Nomination	Thursday 11 August 2022
Payment Date	Tuesday 30 August 2022

Dividend Reinvestment Plan (DRP)

The BKI Board has confirmed that BKI's Dividend Reinvestment Plan (DRP) will be maintained, offering shareholders the opportunity to acquire further ordinary shares in BKI. The DRP will not be offered at a discount. The last day to nominate for participation in the DRP is Thursday 11 August 2022.

To complete a DRP form please follow the following link: <https://bkilimited.com.au/dividend-information/>

The DRP price will be calculated using the average of the daily volume weighted average sale price of BKI's shares sold in the ordinary course of trading on the ASX during the 5 trading days after, but not including, the Record Date (Wednesday 10 August 2022).

BKI Investment Company Limited

Chair's address

30 June 2022

Management Expense Ratio (MER)

BKI's MER as at 30 June 2022 was maintained at 0.17%. The Board and Portfolio Managers are shareholders in BKI. We invest for the long term and do not charge excessive external portfolio management fees or any performance fees. Our focus is on creating wealth for all shareholders by keeping costs low, increasing fully franked dividends and generating capital growth over the long-term. BKI has no debt and thus shareholder returns are not diluted by interest payable on such a facility.

BKI's MER continues to compare very favourably to other externally managed LICs, ETFs and managed funds in the domestic market that provide a similar broad-based exposure to Australian equities.

Top 25 Investments as at 30 June 2022

	Stock	% of Total Portfolio		Stock	% of Total Portfolio
1	BHP Group	8.8%	14	Sonic Healthcare	2.6%
2	Macquarie Group	8.7%	15	Rio Tinto Limited	2.5%
3	APA Group	8.0%	16	Amcor	2.4%
4	Commonwealth Bank	6.7%	17	ARB Corporation	2.2%
5	National Australia Bank	5.5%	18	Harvey Norman Holdings	2.1%
6	Woodside Energy Group	4.3%	19	Coles Group	1.6%
7	Transurban Group	4.1%	20	Aurizon Holdings	1.4%
8	Wesfarmers Limited	3.8%	21	Invocare Limited	1.4%
9	New Hope Corporation	3.6%	22	Goodman Group	1.4%
10	Woolworths Limited	3.3%	23	Suncorp Group	1.4%
11	Ramsay Healthcare	3.1%	24	Metcash Limited	1.2%
12	TPG Telecom Limited	2.8%	25	Pendal Group	1.0%
13	Telstra Corporation	2.7%		Cash and cash equivalents	6.5%
				Total of Top 25 including cash and cash equivalents	93.1%

Outlook

The last couple of years were extraordinary and we continue to experience the secondary effects of flooding the world economy with cash through global stimulus packages distributed during 2020 and 2021.

Throughout the remainder of 2022, we expect to see further challenges emerging from the war in Ukraine, labour shortages, localised flooding, inventory shortages and disruptions to energy supply. We believe that Central Banks around the world will continue to lift interest rates. This will continue to impact our economy and equity markets over the short to medium term.

However, despite times of uncertainty there are always opportunities to invest within equity markets. Our goal is to always invest in high quality businesses with a strong balance sheet, competitive advantage and managed by capable and trustworthy people. We seek to invest in businesses that will pay us an attractive and sustainable dividend stream throughout the cycle. We will target those companies that have pricing power and the ability to pass on prices to their customers in this environment to ensure continued profitability, earnings growth and dividend growth for our shareholders. We look to invest in these businesses at a reasonable price with a view of holding them for the long-term.

BKI holds a portfolio of high-quality dividend paying stocks and has no debt. We are well positioned to take advantage of any market opportunity which may present itself over the year ahead with 6.5% of the portfolio currently in cash.



Robert D Millner
Chair

BKI Investment Company Limited
Portfolio managers report
30 June 2022

Dear Shareholders,

Contact Asset Management, as the Investment Manager of BKI Investment Company, is pleased to include our Investment Report for FY2022.

Market Commentary

Most Global equities fell hard in the latter part of FY2022 on increased concerns over rising inflation and the chance of an economic recession. Over the year the NASDAQ fell 23.4%, Hang Seng fell 21.9%, Euro STOXX fell 15.4%, China CSI 300 fell 12.4% and the S&P 500 dropped 10.6%. The Australian S&P/ASX 300 was not immune, falling 6.8% during the year.

In particular it has been a very weak first half of 2022 for global equity markets. The 21% pullback in the S&P 500 in the first half of the year was the poorest showing since 1970. The Dow's 15% decline was the worst since 1962. As for the Nasdaq, down 29% and the Russell 2000, down 24%, both are the biggest first-half falls on record.

In the Australian market large stocks continue to outperform smaller stocks. The S&P/ASX 20 index decreased by 5.3% over the year, while the S&P/ASX Small Ordinaries Index declined by 19.5%. It is interesting to note that large resources through the S&P/ASX 200 Resources Index delivered a positive 3.3% return for the year, massively outperforming the small industrials through the S&P/ASX Small Industrials index which returned negative 24.0%.

Commodity markets were generally strong over the year, led by Energy. Oil, Gas and Thermal Coal prices continue to trade at elevated levels and demand continues to be very strong. While Oil prices finished the year off its highs at US\$114/bbl after hitting US\$120/bbl, the price is well above where it was a year ago when it traded at US\$75/bbl and was on a downward trajectory. Thermal Coal had a spectacular year, with the Thermal Coal gc NEWC (6,000 kcal/kg NAR) price closing near record territory. Gold continues to hover around US\$1,800/oz and soft commodities continue to remain elevated and are currently very positive for the Australian agricultural sector. However, the last quarter has been mixed, with Copper prices in particular tumbling to a 17-month low, falling 20% in the quarter ended 30 June 2022. Copper is widely considered a barometer of the world economy. Iron Ore is also off its recent highs but demand remains robust and we are confident on the future of this sort after commodity. The lower Australian Dollar is also a positive tailwind for Australian resource companies and helps underpin our investment case in the sector.

The main issue for investors as we head into FY2023 is the monetary policy tightening underway by Central Banks. There seems to be a "whatever it takes" attitude to combat inflation. It appears that Central Bankers remain convinced economies are strong enough to handle the perceived rate increases. The pace of rate hikes remains an overhang as does the level at which interest rates settle. The RBA, which increased rates again in early July to 1.35%, is hoping that it can burst the inflation bubble and settle rates at around 3.0% - 3.5% by mid-2023. While this is a significant percentage increase from the pandemic low-rate environment, a rate of 3.5% is still very accommodative in a historical context.

Given the declines in equity markets, valuation multiples now look very compelling with the S&P/ASX 300 index trading on a P/E multiple of 13 times for FY2022. This is the same multiple as the low of the COVID-19 panic selling. The challenge, of course, is the outlook for earnings. The current dividend yield for the market is just under 5.0%.

The upcoming August earnings season will be interesting. It is anticipated that earnings will be robust as the recent interest rate increases would not have had a material impact on household budgets as yet. We expect outlook statements to be very cautious. Nevertheless, with the S&P/ASX 300 Accumulation Index already down over 12% from recent highs, some of the negativity could be already priced in.

Portfolio Movements

In the first half of this financial year, we realised approximately \$80 million worth of sales through exiting positions in Brambles, Platinum Asset Management and Magellan Financial. These sales were prompted by a reduction in our confidence for these companies to increase dividends over the short to medium term. Endeavour Group was traded out of the portfolio after receipt as a demerger dividend from Woolworths. BKI also traded the Transurban Rights received as part of the entitlement offer following the successful bid for the Westconnex assets. BKI reduced its exposure to ASX Limited and reduced positions in Commonwealth Bank, Woolworths Limited and Metcash Limited following their off-market buybacks.

This enabled us to add to several existing positions, all of which offered significant grossed up dividend yields. They are companies well known to the BKI Investment Committee and provided a very good opportunity to increase BKI's Investment Revenue and Net Profits. The main investments over the first half of FY2022 were made in Aurizon Holdings, Rio Tinto, BHP Group, Fortescue Metals, Harvey Norman, APA Group, Pendal Limited, Suncorp Group and Metcash Limited. BKI also accepted the Washington H. Soul Pattinson (SOL) Proposal to merge with Milton Corporation, which was implemented on 5 October 2021. BKI now holds 391,908 shares in SOL.

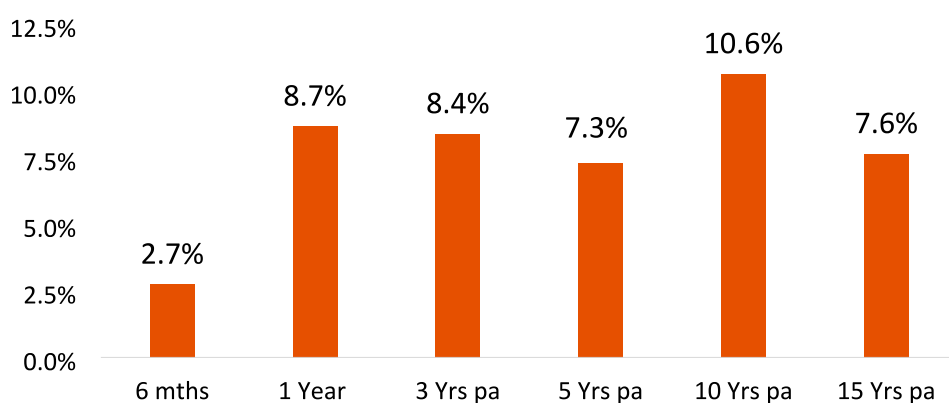
BKI Investment Company Limited
Portfolio managers report
30 June 2022

In the second half of FY2022 BKI realised approximately \$40 million worth of further sales with the exit of positions in Fortescue Metals and ASX Limited. These divestments allowed BKI to reinvest capital into other companies within the portfolio including BHP Group, Metcash Limited and Aurizon Holdings. We also added Ampol Limited and Smartgroup Corporation to the portfolio. Following the Woodside Energy (formerly Woodside Petroleum) acquisition of BHP Petroleum International Pty Ltd, BKI received a non-cash distribution from the transaction by receiving 477,049 additional Woodside Energy shares.

As at the end of June 2022, there were 39 stocks within the BKI Portfolio, with the Top 25 holdings and cash accounting for 93.1% of the total Portfolio. The Investment Portfolio (including cash) was valued at \$1.24 billion, with the cash position of \$80 million representing 6.5%.

Performance

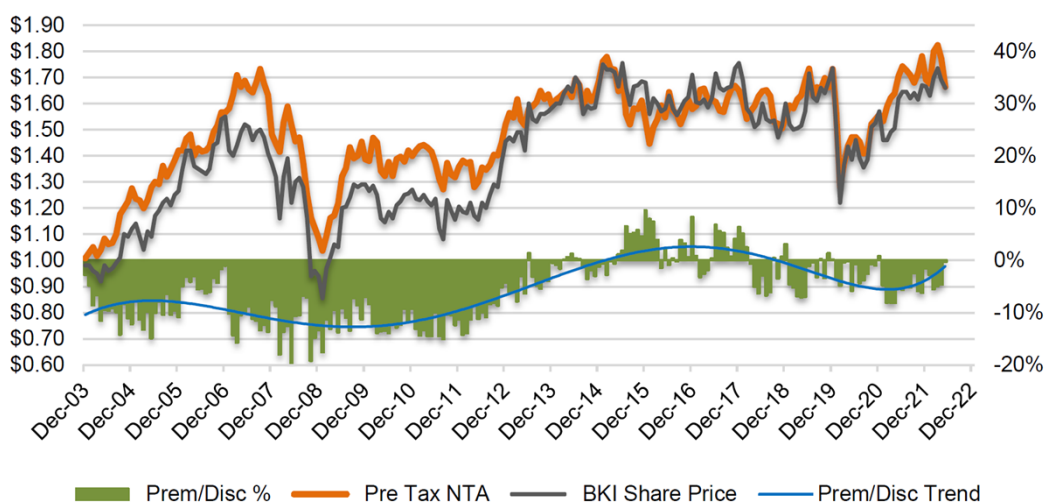
For the year to 30 June 2022, BKI's Total Shareholder Return was positive 6.8% this compares very favorably to the S&P/ASX 300 Accumulation Index which returned negative 6.8% for the same period. BKI's Total Shareholder Returns including franking credits for the year to 30 June 2022 was positive 8.7%, outperforming the index by 14.0%.



Above - BKI Total Shareholder Returns (TSR) Including Franking Credits as at 30 June 2021.

BKI's Net Portfolio Return (after all operating expenses, provisions and payment of both income and capital gains tax and the reinvestment of dividends) for the year to 30 June 2022 was positive 1.5% compared to the S&P/ASX 300 Accumulation Index which returned negative 6.8% for the same period.

BKI's Pre-Tax Net Tangible Assets as at 30 June 2022 was \$1.66, and represented a 0% discount to the BKI share price.



Above – BKI's Premium/Discount as at 30 June 2022

BKI Investment Company Limited
Portfolio managers report
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Research and Ratings

During the year, BKI was recognised at the Self Managed Super Fund Awards for 2021 as a Finalist in the Listed Investment Company Advisor Choice category. BKI was also once again well endorsed by various investment product research and ratings companies. BKI currently has a Recommended rating from LONSEC, a Recommended-Plus rating from Independent Investment Research (IIR) and a Neutral rating from Morningstar.

Tom Millner and Will Culbert
Contact Asset Management

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BKI Investment Company Limited
Directors' report
30 June 2022

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 year ended 30 June 2022.

Directors

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

Robert Dobson Millner	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 (appointed 18 January 2022)

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 year.

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2022	2021
	\$'000	\$'000
Final ordinary dividend for the year ended 30 June 2021 of 3.0 cents per share (2020: 2.32 cents per share) fully franked at the tax rate of 30%, paid on 26 August 2021	22,170	17,065
Final special dividend for the year ended 30 June 2021 of nil cents per share (2020: 1.00 cent per share fully franked at the tax rate of 30%)	-	7,355
Interim ordinary dividend for the year ended 30 June 2022 of 3.5 cents per share (2021: 2.0 cents per share) fully franked at the tax rate of 30%, paid on 3 March 2022	25,874	14,754
Interim special dividend for the year ended 30 June 2022 of 0.5 cents per share (2021: nil cents per share) fully franked at the tax rate of 30%, paid on 3 March 2022	3,756	-
Total dividends paid	<u>51,800</u>	<u>39,174</u>

Operating results

BKI's Ordinary Revenue from investment portfolio was up 58% to \$62.6 million. The result was boosted by higher ordinary dividends received during the last year from Woodside Energy (formerly Woodside Petroleum), New Hope Corporation, BHP Group, Rio Tinto, Commonwealth Bank, National Australia Bank, Transurban Group and Macquarie Group.

BKI realised \$0.6 million from the trading portfolio, after participating in some minor trading positions. Due to the extremely low interest rates on offer, BKI's interest received was only \$0.1 million, down 29% on FY2021. BKI's Net Operating Profit After Tax, before special investment revenue, was a record \$58.1 million, an increase of 63% over the previous corresponding period. BKI's basic earnings per share before special investment revenue was 62% higher to 7.84 cents per share.

Special Investment Revenue was significantly higher in FY2022, rising from \$1.0 million to \$42.7 million. Special Dividends were received from New Hope Corporation, Telstra Corporation, Smart Group Limited and Rio Tinto Limited. BKI participated in off market buy-backs conducted by Commonwealth Bank, Woolworths Limited and Metcash Limited. Also, during the period, BKI received a fully franked in-specie distribution following the Woodside Energy acquisition of BHP Petroleum International Pty Ltd. The distribution was non-cash with BKI receiving additional Woodside Energy shares.

This significant lift in Special Investment Revenue resulted in BKI's Net Operating Profit After Tax, including special investment revenue for FY2022 of \$100.8 million, up 175% on the previous corresponding period and a record for the company. BKI's FY2022 basic earnings per share, including special investment revenue, increased 173% to 13.60 cents per share from 4.97 cents per share in FY2021.

BKI Investment Company Limited
Directors' report
30 June 2022

Total Shareholder Return including franking credits for the year to 30 June 2022 was positive 8.7%, compared to the S&P/ASX 300 Accumulation Index, which returned negative 5.3% over the same period, an outperformance of 14.0%. BKI's Total Shareholder Return including Franking Credits for 15 years was positive 7.6% per annum compared to the S&P/ASX 300 Accumulation Index, which returned positive 6.3%.

BKI's Net Portfolio Return (after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends) for the year to 30 June 2022 was positive 1.5%.

Review of operations

Operating expenses increased slightly to \$2.1m (2021: \$2.0m), with most cost categories in line with the previous year. As a result, BKI was able to maintain its MER at 0.17% for the year (2021: 0.17%).

BKI made a number of changes to the portfolio during FY2022. We realised approximately \$117 million worth of sales through exiting positions in Brambles, Platinum Asset Management, Magellan Financial, Fortescue Metals and ASX Limited. Endeavour Group was traded out of the portfolio after receipt as a demerger dividend from Woolworths. BKI also traded the Transurban Rights received as part of the entitlement offer following the successful bid for the Westconnex Assets. BKI reduced the exposure to positions in Commonwealth Bank, Woolworths Limited and Metcash Limited following the participation in their off-market buybacks.

Main investments over FY2022 were made in BHP Group, Rio Tinto, Aurizon Holdings, Fortescue Metals, Harvey Norman, APA Group, Pandal Limited, Suncorp Group and Metcash Limited. Ampol Limited and Smartgroup Corporation were added to the portfolio.

BKI also accepted the Washington H. Soul Pattinson (SOL) Proposal to merge with Milton Corporation, which was implemented on the 5 October 2021. BKI now holds 391,908 shares in SOL. Following the Woodside Energy (formerly Woodside Petroleum) acquisition of BHP Petroleum International Pty Ltd, BKI received a non-cash distribution from the transaction in the form of receiving 477,049 additional Woodside Energy shares.

As at the end of June 2022, there were 39 stocks within the BKI Portfolio, with the Top 25 holdings and cash accounting for 93.1% of the total Portfolio. The Investment Portfolio (including cash) was valued at \$1.24 billion, with the cash position of \$80 million representing 6.5%.

Financial position

Net assets of the Group decreased marginally during the financial year to \$1,171.6m (2021: \$1,172.4m). Non-current assets decreased during the financial year to \$1,164.0m (2021: \$1,210.6m) primarily driven by the devaluation of the investment portfolio.

Employees

The Group had no employees as at 30 June 2022 (2021: nil).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Since the end of the year the Directors have declared a final ordinary dividend for the year ended 30 June 2022 of 3.65 cents per share and a special dividend of 1.0 cents per share, both fully franked at the tax rate of 30% are payable on 30 August 2022, but are not recognised as a liability at the year end.

No other matter or circumstance has arisen since 30 June 2022 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.

Likely developments and expected results of operations

The operations of the Group will continue with planned long-term investments in Australian equities and fixed interest securities. The Group 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.

BKI Investment Company Limited

Directors' report

30 June 2022

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.

The advent of the COVID-19 economic crisis created significant social and economic upheaval in FY2020 and FY2021, causing heightened economic uncertainty across all industries globally, and resulting in extreme fluctuations in global sharemarkets. The social, economic and financial impacts of COVID-19 have continued in FY2022. The extent of future impacts will be influenced by both medical advances to address the underlying pandemic, as well as further changes in government policy, central bank policies and regulations in order to address these impacts. All of these changes will potentially impact the intention and/or ability of companies to generate returns and pay dividends, including those companies in which BKI invests.

However, 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.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Robert Dobson Millner
Title:	Non-Executive Director and Chair
Qualifications:	FAICD
Experience and expertise:	Mr Millner was appointed Non-executive Chair upon the Company's formation in October 2003. Mr Millner has extensive experience in the investment industry.
Other current directorships:	Washington H Soul Pattinson and Company Limited (appointed 1984, Chair since 1998) New Hope Corporation Limited (appointed 1995, Chair since 1998) Brickworks Limited (appointed 1997, Chair since 1999) Apex Healthcare Berhad (appointed 2000) TPG Telecom Limited (appointed July 2020) Tuas Limited (appointed May 2020)
Former directorships (last 3 years):	Milton Corporation Limited (appointed 1998, resigned 2021 following delisting from ASX on 6 October 2021) Australian Pharmaceutical Industries Limited (appointed 2000, resigned July 2020) TPG Corporation Limited (appointed 2000, resigned July 2020)
Special responsibilities:	Chair of the Board Chair of the Investment Committee Member of the Remuneration Committee Chair of the Nomination Committee
Interests in shares:	10,794,971

Name:	David Capp Hall, AM
Title:	Non-Executive Director
Qualifications:	FCA, FAICD
Experience and expertise:	Mr Hall was appointed a Non-executive Director and Chair of the Audit & Risk Committee upon the Company's formation in October 2003. Mr Hall is a Chartered Accountant with extensive experience in corporate management, finance and as a Company Director.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit & Risk Committee Member of the Remuneration Committee Member of the Nomination Committee
Interests in shares:	3,014,753

BKI Investment Company Limited**Directors' report****30 June 2022**

Name: **Ian Thomas Huntley**
Title: Non-Executive Director
Qualifications: BA
Experience and expertise: Mr Huntley joined the Board as a Non-Executive Director in February 2009. After a career in financial journalism, Mr Huntley acquired "Your Money Weekly" newsletter in 1973. Over the following 33 years, Mr Huntley built the Your Money Weekly newsletter into one of Australia's best known investment advisory publications. He and his partners sold the business to Morningstar Inc of the USA in mid-2006.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of the Investment Committee
Member of the Remuneration Committee
Member of the Audit & Risk Committee
Member of the Nomination Committee

Interests in shares: 11,218,920

Name: **Alexander James Payne**
Title: Non-Executive Director
Qualifications: B.Comm, Dip Cm, FCPA, FCIS, FCIM
Experience and expertise: Mr Payne was appointed a Non-executive Director upon the Company's formation in October 2003 and has been a member of the Audit & Risk Committee since then. Mr Payne was Chief Financial Officer of Brickworks Limited for 13 years and has considerable experience in finance and investment.

Other current directorships: None
Former directorships (last 3 years): None
Special responsibilities: Member of the Audit & Risk Committee
Member of the Investment Committee
Chair of the Remuneration Committee

Interests in shares: 530,000

Name: **Jacqueline Ann Clarke** (appointed 18 January 2022)
Title: Non-Executive Director
Qualifications: FCA, CTA, JP, GAICD
Experience and expertise: Ms Clarke has over 30 years of experience, including over 20 years with PwC and Deloitte, 15 of which as partner of Deloitte. Having held a number of executive roles across Australia, New Zealand and Asia, her experience covers many industries and sectors including retail, property, automotive, professional services (accounting, legal and engineering), technology, financial services, agriculture and oil & gas. Ms Clarke currently sits on the Paul Fudge Group Advisory Board, acts as Treasurer and Non-executive Director of the Humpty Dumpty Foundation and is also founder of boutique accounting and advisory firm Maxima Private.

Other current directorships: Empire Energy Group Limited (alternate Director) (appointed 16 August 2021)
Former directorships (last 3 years): None
Special responsibilities: Member of the Audit & Risk Committee
Member of the Investment Committee
Member of the Remuneration Committee

Interests in shares: 69,121

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

BKI Investment Company Limited
Directors' report
30 June 2022

Company secretaries

Mr Pinto was appointed Company Secretary in November 2011. He is a Chartered Accountant with extensive experience in both professional practice and in senior commercial roles across a broad range of industries.

On 1 June 2022, Ms Wong (CPA, LLB) was appointed as Company Secretary. Ms Wong is a finance professional having held senior roles in ASX listed companies and also a qualified lawyer with experience gained in private practice.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full Board		Investment		Audit & Risk	
	Attended	Held	Attended	Held	Attended	Held
R D Millner	8	8	11	11	-	-
A J Payne	7	7	11	11	2	2
D C Hall	8	8	-	-	2	2
I T Huntley	7	7	10	11	2	2
J A Clarke ²	3	3	5	6	1	1

	Remuneration		Nomination ¹	
	Attended	Held	Attended	Held
R D Millner	2	2	1	1
A J Payne	2	2	2	2
D C Hall	2	2	2	2
I T Huntley	2	2	1	1
J A Clarke ²	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

- (1) During the year, two meetings of the Nomination Committee were held and at the time of the first meeting held in July 2021, both Mr R D Millner and Mr I T Huntley were not members as they were each scheduled for re-election as Directors under the Company's Director rotation policy. Subsequent to each being re-elected as Directors at the 2021 AGM, Mr Millner and Mr Huntley were reappointed to the Nomination Committee and eligible to attend the second Nomination Committee meeting held during the year.
- (2) Ms J A Clarke was appointed to the Board on 18 January 2022 and will be scheduled for re-election at the 2022 AGM.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

This remuneration report outlines the Director and Executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly.

BKI Investment Company Limited

Directors' report

30 June 2022

The Company has externalised its investment management, accounting and company secretarial functions to Contact Asset Management Pty Limited, and currently has no employees.

Remuneration Policy

The Board is responsible for determining and reviewing remuneration arrangements, including performance incentives, for the Directors themselves and the Company Secretary. It is the Group's objective to provide maximum shareholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and Key Management Personnel fairly and appropriately with reference to relevant employment market conditions, their performance, experience and expertise.

Elements of Director and Key Management Personnel (KMP) remuneration

The Board's policies for determining the nature and amount of remuneration for Key Management Personnel of the Group is as follows:

- The Director Remuneration Policy and Executive Remuneration Policy are developed by the Remuneration Committee and approved by the Board. Professional advice is sought from independent external consultants if deemed appropriate.
- All Key Management Personnel are eligible to receive a base fee, or salary and superannuation, combined with performance incentives if deemed appropriate by the Board.
- Performance incentives are only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of shares are intended to align the interests of the Key Management Personnel with those of the shareholders.
- The Remuneration Committee reviews the remuneration packages of Key Management Personnel annually by reference to the Group's performance, KMP performance and comparable information from industry sectors.

The performance of Key Management Personnel is assessed annually by the Board. Assessment of performance incentives offered is conducted annually, based on the growth of shareholder and portfolio returns. The Board may exercise discretion in relation to approving incentives and can recommend changes to the Remuneration Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policies are designed to attract the highest calibre of KMP and reward them for performance results leading to long-term growth in shareholder wealth.

All remuneration paid to Key Management Personnel is valued at the cost to the Group and expensed.

Non-executive directors remuneration

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.

The combined annual payment to all Non-Executive Directors is capped at \$300,000 until shareholders, by ordinary resolution, approve some other fixed sum amount. This amount is to be divided amongst the Directors as the Board may determine. These fees exclude any additional fee for any service-based agreement which may be agreed from time to time and the reimbursement of out of pocket expenses. No such payments were made in 2022 financial year (2021: nil). At the next Annual General meeting, anticipated to be in October 2022, BKI will seek the approval of its shareholders by way of ordinary resolution, to increase the remuneration pool from \$300,000 to \$400,000.

Performance-based remuneration

BKI previously established the BKI Executive Incentive Scheme to form part of the remuneration packages of the Group's executive team.

The aims of the BKI Incentive Scheme are:

- (1) To promote superior performance at BKI over both the short and more importantly, long term.
- (2) To ensure remuneration is fair and reasonable market remuneration to reward staff.
- (3) To promote long term staff retention and alignment.

In July 2021 the Remuneration Committee resolved to cease making any new grants under the BKI Incentive Scheme until further notice.

BKI Investment Company Limited
Directors' report
30 June 2022

On 31 May 2022, the services agreement between BKI and CAS ceased and in accordance with the BKI Executive Incentive Scheme, all unpaid and/or unallocated incentives were forfeited. At 30 June 2022, there were no participants or entitlements under the Scheme.

Use of remuneration consultants

The Group did not engage remuneration consultants during the year ended 30 June 2022.

Voting and comments made at the Company's 12 October 2021 Annual General Meeting ('AGM')

At the 12 October 2021 AGM, 94.57% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of BKI Investment Company Limited:

- R D Millner – Non-Executive Director and Chair
- D C Hall – Non-Executive Director
- I T Huntley – Non-Executive Director
- A J Payne – Non-Executive Director
- J A Clarke – Non-Executive Director (appointed 18 January 2022)

And the following person:

- J D Pinto - Company Secretary*

* Services provided under contract through Corporate & Administrative Services Pty Limited ceased on 31 May 2022.

2022	Short-term	Post-	Share-based	Total
	benefits	employment	payments	
	Cash salary	Super-	Equity-	
	and fees	annuation	settled	
	\$	\$	\$	\$
<i>Non-Executive Directors:</i>				
R D Millner	68,727	6,873	-	75,600
D C Hall	57,682	5,768	-	63,450
I T Huntley	47,909	4,791	-	52,700
A J Payne	47,909	4,791	-	52,700
J A Clarke*	26,227	2,623	-	28,850
<i>Other Key Management Personnel:</i>				
J D Pinto**	-	-	-	-
	248,454	24,846	-	273,300

* Ms Clarke was appointed a Non-Executive Director on 18 January 2022.

** Mr Pinto was remunerated by Corporate & Administrative Services Pty Limited.

BKI Investment Company Limited
Directors' report
30 June 2022

2021	Short-term benefits	Post-employment benefits	Share-based payments	Total
	Cash salary and fees \$	Super-annuation \$	Equity-settled \$	
<i>Non-Executive Directors:</i>				
R D Millner	69,041	6,559	-	75,600
D C Hall	53,379	5,071	-	58,450
I T Huntley	43,562	4,138	-	47,700
A J Payne	43,562	4,138	-	47,700
<i>Other Key Management Personnel:</i>				
J D Pinto*	-	-	2,752	2,752
	209,544	19,906	2,752	232,202

* Mr Pinto was remunerated by Corporate & Administrative Services Pty Limited.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022	2021	2022	2021	2022	2021
<i>Non-Executive Directors:</i>						
R D Millner	100%	100%	-	-	-	-
D C Hall	100%	100%	-	-	-	-
I T Huntley	100%	100%	-	-	-	-
A J Payne	100%	100%	-	-	-	-
J A Clarke	100%	-	-	-	-	-
<i>Other Key Management Personnel:</i>						
J D Pinto	-	-	-	-	-	100%

Service agreements

Mr J D Pinto provided Company Secretarial services under contract through Corporate & Administrative Services Pty Limited (CAS). On 31 May 2022, services between CAS and BKI ceased. Commencing from 1 June 2022, Contact Asset Management Pty Limited became the main provider of Company Secretarial services to BKI.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

During the financial year ended 30 June 2022, the following incentives lapsed:

Incentive issue	Issue date	Number of rights granted	Value of initial grant	Initial vesting date	Expiry date	Number of rights vested/lapsed	Number of rights yet to vest/lapse
J Pinto 2018	01/07/2017	25,000	\$41,385	30/06/2021	30/06/2022	25,000	-
J Pinto 2019	01/07/2018	25,000	\$38,040	30/06/2022	30/06/2023	25,000	-
J Pinto 2020	01/07/2019	25,000	\$38,678	30/06/2023	30/06/2024	25,000	-
J Pinto 2021	01/07/2020	25,000	\$35,943	30/06/2024	30/06/2025	25,000	-

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
R D Millner	9,874,304	-	920,667	-	10,794,971
D C Hall	2,499,444	-	515,309	-	3,014,753
I T Huntley	11,224,980	-	-	(6,060)	11,218,920
A J Payne	430,000	-	100,000	-	530,000
J A Clarke	-	-	69,121	-	69,121
J D Pinto	130,568	-	5,701	-	136,269
	<u>24,159,296</u>	<u>-</u>	<u>1,610,798</u>	<u>(6,060)</u>	<u>25,764,034</u>

Directors acquired shares through the Dividend Reinvestment Plan, and/or on-market purchase.

Other Key Management Personnel acquired shares through the Dividend Reinvestment Plan.

All KMP or their associated entities, being shareholders, are entitled to receive dividends.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
J D Pinto	100,000	-	-	(100,000)	-
	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of BKI Investment Company Limited under option at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of BKI Investment Company Limited issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

BKI Investment Company Limited
Directors' report
30 June 2022

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of MGI Sydney Assurance Services Pty Ltd

There are no officers of the Company who are former partners of MGI Sydney Assurance Services Pty Ltd.

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.

Auditor

MGI Sydney Assurance Services Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Robert D Millner
Chairman

19 July 2022
Sydney

BKI Investment Company Limited
Statement of profit or loss
For the year ended 30 June 2022

	Note	Consolidated 2022 \$'000	2021 \$'000
Ordinary revenue from investment portfolio		62,604	39,738
Revenue from bank deposits		141	109
Other income		-	2
Other gains		645	305
Income from operating activities before special investment revenue	5	<u>63,390</u>	<u>40,154</u>
Operating expenses	6	<u>(2,139)</u>	<u>(1,979)</u>
Operating result before income tax expense and special investment revenue		61,251	38,175
Special investment revenue	5	<u>42,713</u>	<u>1,022</u>
Operating result before income tax expense		103,964	39,197
Income tax expense	7	<u>(3,165)</u>	<u>(2,552)</u>
Operating result after income tax expense for the year attributable to the owners of BKI Investment Company Limited	13	<u><u>100,799</u></u>	<u><u>36,645</u></u>
		2022 Cents	2021 Cents
Basic and diluted earnings per share before special investment revenue	25	7.84	4.83
Basic and diluted earnings per share after special investment revenue	25	13.60	4.97

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

BKI Investment Company Limited
Statement of other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated	
		2022 \$'000	2021 \$'000
Operating result after income tax expense for the year attributable to the owners of BKI Investment Company Limited		100,799	36,645
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Unrealised (losses)/gains on investment portfolio		(100,681)	141,324
Deferred tax benefit/(expense) on unrealised gains/losses on investment portfolio		30,204	(42,397)
Realised gains on investment portfolio		20,120	32,903
Tax expense relating to realised gains on investment portfolio	7	(6,036)	(9,871)
Other comprehensive income for the year, net of tax		(56,393)	121,959
Total comprehensive income for the year attributable to the owners of BKI Investment Company Limited		<u>44,406</u>	<u>158,604</u>

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

BKI Investment Company Limited
Statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	8	72,078	40,606
Trade and other receivables	9	8,594	36,105
Income tax refund due	7	51	-
Other		58	52
Total current assets		<u>80,781</u>	<u>76,763</u>
Non-current assets			
Investment portfolio	10	1,156,086	1,194,994
Property, plant and equipment		1	1
Deferred tax	7	7,836	15,601
Total non-current assets		<u>1,163,923</u>	<u>1,210,596</u>
Total assets		<u>1,244,704</u>	<u>1,287,359</u>
Liabilities			
Current liabilities			
Trade and other payables		270	10,363
Income tax	7	-	1,190
Total current liabilities		<u>270</u>	<u>11,553</u>
Non-current liabilities			
Deferred tax	7	72,855	103,414
Total non-current liabilities		<u>72,855</u>	<u>103,414</u>
Total liabilities		<u>73,125</u>	<u>114,967</u>
Net assets		<u>1,171,579</u>	<u>1,172,392</u>
Equity			
Share capital	11	935,766	929,185
Reserves	12	144,047	200,440
Retained profits	13	91,766	42,767
Total equity		<u>1,171,579</u>	<u>1,172,392</u>

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

BKI Investment Company Limited
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Share capital \$'000	Revaluation reserve \$'000	Realised capital gains reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2020	924,130	130,657	(52,176)	45,296	1,047,907
Operating result after income tax expense for the year	-	-	-	36,645	36,645
Other comprehensive income for the year, net of tax	-	98,927	23,032	-	121,959
Total comprehensive income for the year	-	98,927	23,032	36,645	158,604
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	5,055	-	-	-	5,055
Dividends paid (note 14)	-	-	-	(39,174)	(39,174)
Balance at 30 June 2021	929,185	229,584	(29,144)	42,767	1,172,392

Consolidated	Share capital \$'000	Revaluation reserve \$'000	Realised capital gains reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2021	929,185	229,584	(29,144)	42,767	1,172,392
Operating result after income tax expense for the year	-	-	-	100,799	100,799
Other comprehensive income for the year, net of tax	-	(70,477)	14,084	-	(56,393)
Total comprehensive income for the year	-	(70,477)	14,084	100,799	44,406
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	6,581	-	-	-	6,581
Dividends paid (note 14)	-	-	-	(51,800)	(51,800)
Balance at 30 June 2022	935,766	159,107	(15,060)	91,766	1,171,579

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

BKI Investment Company Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated	
		2022 \$'000	2021 \$'000
Cash flows from operating activities			
Other receipts in the course of operations		-	2
Payments to suppliers and employees		(2,100)	(1,703)
Dividends and distributions received		104,512	41,996
Interest received		141	109
Proceeds from sale of trading portfolio		9,961	42,925
Payments for trading portfolio		(9,316)	(42,620)
Income taxes paid		(3,032)	(2,628)
Net cash from operating activities	24	<u>100,166</u>	<u>38,081</u>
Cash flows from investing activities			
Payments for investments		(171,601)	(147,630)
Proceeds from sale of investment portfolio		145,865	135,990
Capital returns received from investment portfolio		2,261	-
Net cash used in investing activities		<u>(23,475)</u>	<u>(11,640)</u>
Cash flows from financing activities			
Share issue transaction costs		(16)	(21)
Dividends paid	14	<u>(45,203)</u>	<u>(34,104)</u>
Net cash used in financing activities		<u>(45,219)</u>	<u>(34,125)</u>
Net increase/(decrease) in cash and cash equivalents		31,472	(7,684)
Cash and cash equivalents at the beginning of the financial year		<u>40,606</u>	<u>48,290</u>
Cash and cash equivalents at the end of the financial year	8	<u><u>72,078</u></u>	<u><u>40,606</u></u>

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

Note 1. General information

The financial statements cover BKI Investment Company Limited as a Group consisting of BKI Investment Company Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is BKI Investment Company Limited's functional and presentation currency.

BKI Investment Company Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 302, Level 3
1 Castlereagh Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 July 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, financial assets at fair value through other comprehensive income.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BKI Investment Company Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. BKI Investment Company Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Note 2. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

The Group has two portfolios of securities, the investment portfolio and the trading portfolio. The investment portfolio relates to holdings of securities which the Directors intend to retain on a long-term basis and the trading portfolio comprises securities held for short term trading purposes.

Securities within the investment portfolio are classified as 'financial assets measured at fair value through other comprehensive income', and are designated as such upon initial recognition. Securities held within the trading portfolio are classified as 'mandatorily measured at fair value through profit or loss' in accordance with AASB 9.

Valuation of investment portfolio

Listed securities are initially brought to account at market value, which is the cost of acquisition, and are re-valued to market values continuously. Movements in carrying values of securities are recognised as Other Comprehensive Income and taken to the Revaluation Reserve.

Where disposal of an investment occurs, any revaluation increment or decrement relating to it is transferred from the Revaluation Reserve to the Realised Capital Gains Reserve.

Valuation of trading portfolio

Listed securities are initially brought to account at market value, which is the cost of acquisition, and are re-valued to market values continuously.

Movements in carrying values of securities in the trading portfolio are taken to profit or loss through the income statement.

Fair value

Fair value is determined based on last sale price for all quoted investments.

Note 2. Significant accounting policies (continued)

Revenue

Sale of investments occurs when the control of the right to equity has passed to the buyer.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend and distribution revenue is recognised when the right to receive a dividend or distribution has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

BKI Investment Company Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Where a retrospective restatement of items in the statement of financial position has occurred, presentation of the statement as at the beginning of the earliest comparative period has been included.

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.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Deferred tax balances

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112: *Income Taxes* deferred tax liabilities have been recognised for Capital Gains Tax on unrealised gains in the investment portfolio at the current tax rate of 30%.

As the Group does not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in note 7. In addition, the tax liability that arises on disposal of those securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

Apart from this, there are no other key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next reporting period.

Note 4. 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.

BKI Investment Company Limited
Notes to the financial statements
30 June 2022

Note 5. Revenue

	Consolidated	
	2022	2021
	\$'000	\$'000
(a) Ordinary revenue from investment portfolio		
Fully franked dividends	50,673	28,437
Unfranked dividends	5,998	4,777
Trust distributions	5,933	6,524
Total ordinary revenue from investment portfolio	<u>62,604</u>	<u>39,738</u>
(b) Special investment revenue		
Fully franked dividends	42,713	899
Unfranked dividends	-	123
Total special investment revenue	<u>42,713</u>	<u>1,022</u>
(c) Revenue from bank deposits		
Interest received	141	109
(d) Other income		
Other income	-	2
(e) Other gains		
Net realised gain on sale of investments held for trading	<u>645</u>	<u>305</u>
Total revenue	<u><u>106,103</u></u>	<u><u>41,176</u></u>

Note 6. Operating expenses

	Consolidated	
	2022	2021
	\$'000	\$'000
Administration expenses	463	414
Employment expenses	175	239
Investment management	1,320	1,167
Professional fees	181	159
Total operating expenses	<u><u>2,139</u></u>	<u><u>1,979</u></u>

BKI Investment Company Limited
Notes to the financial statements
30 June 2022

Note 7. Income tax

	Consolidated	
	2022	2021
	\$'000	\$'000
(a) Income tax expense on operating profit before net gains on investments		
Current tax	787	2,300
Deferred tax - origination and reversal of temporary differences	1,684	658
Adjustment recognised for prior periods	694	(406)
	<u>3,165</u>	<u>2,552</u>
Aggregate income tax expense		
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Operating result before income tax expense	103,964	39,197
Tax at the statutory tax rate of 30%	31,189	11,759
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Franked dividends and distributions received	(28,718)	(8,801)
	<u>2,471</u>	<u>2,958</u>
Adjustment recognised for prior periods	694	(406)
	<u>3,165</u>	<u>2,552</u>
Income tax expense		

(b) Total tax expense

	Consolidated	
	2022	2021
	\$'000	\$'000
Net income tax expense on operating profit before net gains on investments	3,165	2,552
Income tax on net realised gains/(losses) on investment portfolio	6,036	9,871
	<u>9,201</u>	<u>12,423</u>
Total tax expense		

(c) Movements in deferred tax assets

	Opening balance \$'000	Credited/ (charged) to statement of comprehensive income \$'000	Credited/ (charged) to equity \$'000	Closing balance \$'000
Transaction costs on equity issues	510	(259)	6	257
Accrued expenses	34	5	-	39
Realised capital tax losses	25,200	(9,895)	-	15,305
Balance as at 30 June 2021	<u>25,744</u>	<u>(10,149)</u>	<u>6</u>	<u>15,601</u>
Transaction costs on equity issues	257	(243)	-	14
Accrued expenses	39	(30)	-	9
Realised capital tax losses	15,305	(7,492)	-	7,813
Balance as at 30 June 2022	<u>15,601</u>	<u>(7,765)</u>	<u>-</u>	<u>7,836</u>

BKI Investment Company Limited
Notes to the financial statements
30 June 2022

Note 7. Income tax (continued)

(d) Movements in deferred tax liabilities

	Opening balance \$'000	(Credited)/ charged to statement of comprehensive income \$'000	(Credited)/ charged to equity \$'000	Closing balance \$'000
Revaluation of investment portfolio	58,853	-	43,058	101,911
Unfranked dividends receivable and interest receivable	1,123	380	-	1,503
Balance as at 30 June 2021	59,976	380	43,058	103,414
Revaluation of investment portfolio	101,911	-	(30,513)	71,398
Unfranked dividends receivable and interest receivable	1,503	(46)	-	1,457
Balance as at 30 June 2022	103,414	(46)	(30,513)	72,855

Consolidated
2022 **2021**
\$'000 **\$'000**

(e) Income tax refund due
Income tax refund due

51 -

Consolidated
2022 **2021**
\$'000 **\$'000**

(f) Provision for income tax
Provision for income tax

- 1,190

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2022	2021
	\$'000	\$'000
Cash at bank	<u>72,078</u>	<u>40,606</u>

Note 9. Current assets - trade and other receivables

	Consolidated	
	2022	2021
	\$'000	\$'000
Dividends and distributions receivable	8,417	7,465
Outstanding settlements on share sales	-	28,316
Other receivables	177	324
	<u>8,594</u>	<u>36,105</u>

Note 10. Non-current assets - Investment portfolio

	Consolidated	
	2022	2021
	\$'000	\$'000
Listed securities at fair value through other comprehensive income	<u>1,156,086</u>	<u>1,194,994</u>

Fair value measurement

BKI measures the fair value of its trading portfolio and investment portfolio with reference to the following fair value measurement hierarchy mandated by accounting standards:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Both the trading portfolio and investment portfolio are classified as Level 1, and are measured in accordance with the policy outlined in note 2.

Note 11. Equity - Share capital

	Consolidated			
	2022	2021	2022	2021
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>743,074,632</u>	<u>739,002,595</u>	<u>935,766</u>	<u>929,185</u>

Movements in ordinary share capital

Details	Shares	\$'000
Balance at 1 July 2020	735,513,845	924,130
Dividend reinvestment plan	3,488,750	5,069
Transaction costs	<u>(14)</u>	<u>(14)</u>
Balance at 30 June 2021	739,002,595	929,185
Dividend reinvestment plan	4,072,037	6,597
Transaction costs	<u>(16)</u>	<u>(16)</u>
Balance at 30 June 2022	<u>743,074,632</u>	<u>935,766</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objective in managing capital is to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested, with goals of paying an enhanced level of fully franked dividends and providing attractive total returns over the medium to long term.

Note 11. Equity - Share capital (continued)

The Group recognises that its capital will fluctuate in accordance with market conditions, and in order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid, issue new shares from time-to-time or return capital to shareholders.

The Group's capital consists of shareholders' equity plus net debt. The movement in equity is shown in the Consolidated Statement of Changes in Equity. At 30 June 2022 net debt was \$nil (2021: \$nil).

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

Note 12. Equity - reserves

	Consolidated	
	2022	2021
	\$'000	\$'000
Revaluation surplus reserve	159,107	229,584
Capital profits reserve	(15,060)	(29,144)
	<u>144,047</u>	<u>200,440</u>

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Realised capital gains reserve

The realised capital gains reserve records net gains and losses after applicable income tax arising from the disposal of securities in the investment portfolio.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Revaluation reserve \$'000	Realised capital gains reserve \$'000	Total \$'000
Balance at 1 July 2020	130,657	(52,176)	78,481
Gross revaluation of investment portfolio	141,324	-	141,324
Deferred tax provision on unrealised gains/losses	(42,397)	-	(42,397)
Net gains/(losses) on investment portfolio transferred from Statement of Comprehensive Income	-	23,032	23,032
Balance at 30 June 2021	229,584	(29,144)	200,440
Gross revaluation of investment portfolio	(100,681)	-	(100,681)
Deferred tax provision on unrealised gains/losses	30,204	-	30,204
Net gains/(losses) on investment portfolio transferred from Statement of Comprehensive Income	-	14,084	14,084
Balance at 30 June 2022	<u>159,107</u>	<u>(15,060)</u>	<u>144,047</u>

Note 13. Equity - retained profits

	Consolidated	
	2022	2021
	\$'000	\$'000
Retained profits at the beginning of the financial year	42,767	45,296
Operating result after income tax expense for the year	100,799	36,645
Dividends paid (note 14)	<u>(51,800)</u>	<u>(39,174)</u>
Retained profits at the end of the financial year	<u><u>91,766</u></u>	<u><u>42,767</u></u>

Note 14. Equity - dividends

(a) Dividends paid during the year

	Consolidated	
	2022	2021
	\$'000	\$'000
Final ordinary dividend for the year ended 30 June 2021 of 3.0 cents per share (2020: 2.32 cents per share) fully franked at the tax rate of 30%, paid on 26 August 2021	22,170	17,065
Final special dividend for the year ended 30 June 2021 of nil cents per share (2020: 1.00 cent per share fully franked at the tax rate of 30%)	-	7,355
Interim ordinary dividend for the year ended 30 June 2022 of 3.5 cents per share (2021: 2.0 cents per share) fully franked at the tax rate of 30%, paid on 3 March 2022	25,874	14,754
Interim special dividend for the year ended 30 June 2022 of 0.5 cents per share (2021: nil cents per share) fully franked at the tax rate of 30%, paid on 3 March 2022	<u>3,756</u>	<u>-</u>
Total dividends paid	<u><u>51,800</u></u>	<u><u>39,174</u></u>

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

	Consolidated	
	2022	2021
	\$'000	\$'000
Total dividends paid	51,800	39,174
Less: Dividends reinvested in shares via DRP	<u>(6,597)</u>	<u>(5,069)</u>
Dividends paid in cash	<u><u>45,203</u></u>	<u><u>34,105</u></u>

(c) Franking accounting balance

	Consolidated	
	2022	2021
	\$'000	\$'000
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	43,538	24,043
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>43,538</u>	<u>24,043</u>
Estimated impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year (refer below)	<u>(14,808)</u>	<u>(9,501)</u>
Net imputation credits available for future dividends	<u><u>28,730</u></u>	<u><u>14,542</u></u>

Note 14. Equity - dividends (continued)

	Consolidated
2022	2021
\$'000	\$'000

Maximum fully franked dividends payable from available franking credits at the tax rate of 30% (2021: 30%)

67,035	33,931
--------	--------

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Dividends declared after balance date

Since the end of the year the Directors have declared a final ordinary dividend for the year ended 30 June 2022 of 3.65 cents per share and a special dividend of 1.0 cents per share, both fully franked at the tax rate of 30% (2021: final ordinary dividend of 3.00 cents per share, franked at the tax rate of 30%), payable on 30 August 2022, but not recognised as a liability at the year end.

Note 15. Financial instruments

The risks associated with the holding of financial instruments such as investments, cash, bank bills and borrowings include market risk, credit risk and liquidity risk. The Board has approved the policies and procedures that have been established to manage these risks. The effectiveness of these policies and procedures is reviewed by the Audit & Risk Committee.

Capital risk management

The Group invests its equity in a diversified portfolio of assets that aim to generate a growing income stream for distribution to shareholders in the form of fully franked dividends.

The capital base is managed to ensure there are funds available for investment as opportunities arise. Capital is increased annually through the issue of shares under the Dividend Reinvestment Plan. Other means of increasing capital include Rights Issues, Share Placements and Share Purchase Plans.

Financial instruments' terms, conditions and accounting policies

The Group's accounting policies are included in Note 1, while the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are included under the appropriate note for that instrument.

Net fair values

The carrying amounts of financial instruments in the balance sheets approximate their net fair value determined in accordance with the accounting policies disclosed in Note 1 to the accounts.

Credit risk

The risk that a financial loss will occur because a counterparty to a financial instrument fails to discharge an obligation is known as credit risk.

The credit risk on the Group's financial assets, excluding investments, is the carrying amount of those assets. The Group's principal credit risk exposures arise from the investment in liquid assets, such as cash and bank bills, and income receivable.

Cash and bank bills are reviewed monthly by the Board to ensure cash is only placed with pre-approved financial institutions with low risk profiles (primarily "Big 4" banks) and that the spread of cash and bank bills between banks is within agreed limits. Income receivable is comprised of accrued interest and dividends and distributions which were brought to account on the date the shares or units traded ex-dividend.

There are no financial instruments overdue or considered to be impaired.

Note 15. Financial instruments (continued)

Market risk

Price risk

Market risk is the risk that changes in market prices will affect the fair value of a financial instrument.

The Group is a long term investor in companies and trusts and is therefore exposed to market risk through the movement of the share/unit prices of the companies and trusts in which it is invested.

The market value of the portfolio changes continuously because the market value of individual companies within the portfolio fluctuates throughout the day. The change in the market value of the portfolio is recognised through the Revaluation Reserve. Listed Investments represent 93% (2021: 93%) of total assets.

As at 30 June 2022, a 5% (2021: 5%) movement in the market value of the BKI portfolio would result in:

- A 5% movement in the net assets of BKI before provision for tax on unrealised capital gains (2021: 5%); and
- A movement of 7.8 cents per share in the net asset backing before provision for tax on unrealised capital gains (2021: 8.1 cents).

The performance of the companies within the portfolio, both individually and as a whole, is monitored by the Investment Committee and the Board.

BKI seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one Group or one sector of the market.

At 30 June 2022 and 30 June 2021, the spread of investments was in the following sectors:

	Percentage of total investment 2022 %	Percentage of total investment 2021 %	Amount 2022 \$'000	Amount 2021 \$'000
Financials	24.44	30.70	302,237	387,217
Materials	14.82	14.68	183,251	185,144
Consumer discretionary	9.48	12.22	117,283	154,125
Energy	9.06	3.85	111,971	48,520
Utilities	8.00	5.49	98,899	69,201
Industrials	7.36	6.26	91,022	79,118
Consumer staples	7.04	8.18	87,029	103,217
Health care	5.89	5.78	72,786	72,847
Telecommunications services	5.69	5.54	70,327	69,891
Property	1.72	2.04	21,281	25,714
Total investments	<u>93.50</u>	<u>94.74</u>	<u>1,156,086</u>	<u>1,194,994</u>
Cash and dividends receivable	6.50	5.26	80,495	66,374
Total portfolio	<u>100.00</u>	<u>100.00</u>	<u>1,236,581</u>	<u>1,261,368</u>

Note 15. Financial instruments (continued)

Securities representing over 5% of the investment portfolio at 30 June 2022 or 30 June 2021 were:

	Percentage of total investment 2022 %	Percentage of total investment 2021 %	Amount 2022 \$'000	Amount 2021 \$'000
BHP Group	8.8	8.1	108,900	102,518
Macquarie Group	8.7	8.1	107,784	102,490
APA Group	8.0	5.5	98,899	69,201
Commonwealth Bank	6.7	8.7	82,926	109,166
National Australia Bank	5.5	5.2	68,527	65,600
Wesfarmers	3.8	5.3	47,321	66,730

The relative weightings of the individual securities and relevant market sectors are reviewed at each meeting of the Investment Committee and the Board, and risk can be managed by reducing exposure where necessary. There are no set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

Foreign currency risk

The Group is not exposed to foreign currency risk as all investments are quoted in Australian dollars.

Interest rate risk

The Group is not materially exposed to interest rate risk. All cash investments are short term (up to 1 year) for a fixed rate, except for cash in operating bank accounts which are at-call and attract variable rates.

The Group has no financial liability as at 30 June 2022 (2021: Nil).

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet financial obligations as they fall due.

The Group has no borrowings, and sufficient cash reserves to fund core operations at current levels for more than 10 years.

The Group's other major cash outflows are the purchase of securities and dividends paid to shareholders and the level of both of these is fully controllable by the Board.

Furthermore, the majority of the assets of the Group are in the form of readily tradeable securities which can be sold on-market if necessary.

Note 16. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2022 \$'000	2021 \$'000
Short-term employee benefits	248	209
Post-employment benefits	25	20
Share-based payments	-	3
	<u>273</u>	<u>232</u>

BKI Investment Company Limited
Notes to the financial statements
30 June 2022

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by MGI Sydney Assurance Services Pty Ltd, the auditor of the Company:

	Consolidated	
	2022	2021
	\$'000	\$'000
<i>Audit services - MGI Sydney Assurance Services Pty Ltd</i>		
Audit or review of the financial statements	28	28

Note 18. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Note 19. Commitments

The Group had no capital and leasing commitments as at 30 June 2022 and 30 June 2021.

Note 20. Related party transactions

Parent entity

BKI Investment Company Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

Key management personnel

Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the directors' report.

Transactions with related parties

Corporate & Administrative Services Pty Limited

Corporate & Administrative Services Pty Limited (CAS), an entity in which Mr R D Millner has an indirect interest, provided the Group with administration, company secretarial and accounting services, including preparation of all financial accounts. The contract was terminated on 31 May 2022.

Fees paid to CAS for services provided to the Parent and controlled entities for the year to 30 June 2022 were \$126,042 (2021: \$122,100, including GST) and are at standard market rates. As at 30 June 2022 the Group owed \$11,458 to CAS (2021: \$nil).

Contact Asset Management Pty Limited

Contact Asset Management Pty Limited (Contact) is the Investment Manager of the Group. Additionally, from 1 June 2022, Contact provides accounting, administrative, and company secretarial services, including the preparation of all financial accounts. Contact is an entity in which Mr R D Millner has an indirect interest.

Fees payable to Contact for services provided to the Parent and controlled entities for the year to 30 June 2022 were \$1,430,827 including GST (2021: \$1,252,911) and are at standard market rates. As at 30 June 2022 the Group owed \$125,125 to Contact (2021: \$116,588).

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	\$'000	\$'000
Operating result after income tax	100,797	36,674
Other comprehensive income for the year, net of tax	-	121,959
Total comprehensive income	100,797	158,633

Statement of financial position

	Parent	
	2022	2021
	\$'000	\$'000
Total current assets	80,779	76,763
Total non-current assets	1,365,275	1,411,948
Total assets	1,446,054	1,488,711
Total current liabilities	190	11,474
Total non-current liabilities	282,247	312,806
Total liabilities	282,437	324,280
Net assets	<u>1,163,617</u>	<u>1,164,431</u>
Equity		
Share capital	935,766	929,185
Reserves	144,858	201,251
Retained profits	82,993	33,995
Total equity	<u>1,163,617</u>	<u>1,164,431</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
Brickworks Securities Pty Limited	Australia	100%	100%
Huntley Investment Company Pty Limited	Australia	100%	100%
BKI Sub Pty Limited	Australia	100%	100%
Pacific Strategic Investments Pty Limited	Australia	100%	100%

Note 23. Events after the reporting period

Since the end of the year the Directors have declared a final ordinary dividend for the year ended 30 June 2022 of 3.65 cents per share and a special dividend of 1.0 cents per share, both fully franked at the tax rate of 30% are payable on 30 August 2022, but are not recognised as a liability at the year end.

No other matter or circumstance has arisen since 30 June 2022 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 24. Cash flow information

Reconciliation of operating result after income tax to net cash from operating activities

	Consolidated	
	2022 \$'000	2021 \$'000
Operating result after income tax expense for the year	100,799	36,645
Adjustments for:		
Dividend income - non-cash	-	(1,954)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(805)	3,291
Increase in income tax refund due	(51)	-
Decrease in deferred tax assets	31,933	400
Increase in prepayments	(6)	(7)
Increase in trade and other payables	45	37
Decrease in provision for income tax	(1,190)	(1,249)
Increase/(decrease) in deferred tax liabilities	(30,559)	918
Net cash from operating activities	<u>100,166</u>	<u>38,081</u>

Non-cash investing and financing activities

Dividend reinvestment plan

Under the terms of the dividend reinvestment plan, \$6,597,000 (2021: \$5,069,000) of dividends were paid via the issue of 4,072,037 shares (2021: 3,488,750).

Note 25. Earnings per share

(a) Calculation of earnings

	Consolidated	
	2022	2021
	\$'000	\$'000
Operating result after income tax attributable to the owners of BKI Investment Company Limited	100,799	36,645
Less: Special investment revenue	(42,713)	(1,022)
Add: Tax expense attributable to special investment revenue	-	37
	<u>58,086</u>	<u>35,660</u>
Earnings used in calculating basic and diluted earnings per share before special investment revenue	<u>58,086</u>	<u>35,660</u>

(b) Number of shares

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share, before after special investment revenue	741,249,270	737,798,000
Weighted average number of ordinary shares used in calculating diluted earnings per share, before and after special investment revenue	741,249,270	737,798,000

(c) Earnings per share

	Cents	Cents
Basic and diluted earnings per share before special investment revenue	7.84	4.83
	Cents	Cents
Basic and diluted earnings per share after special investment revenue	13.60	4.97

BKI Investment Company Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Robert D Millner
Chairman

19 July 2022
Sydney

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

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of BKI Investment Company Limited and Controlled Entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated income statement, consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the consolidated entity comprising BKI Investment Company Limited and the entities it controlled at the year's end or from time to time during the year.

In our opinion, the accompanying financial report of BKI Investment Company Limited and its Controlled Entities, is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- c) the financial report also complies with the *International Financial Reporting Standards* as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of BKI Investment Company Limited in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p><i>Valuation and Existence of Investments</i></p> <p>The investment portfolio at 30 June 2022 comprised of listed equity investments of \$1,156.09 million.</p> <p>We focused on the valuation and existence of investments because investments represent the principal element of the net asset value disclosed on the Consolidated Statement of Financial Position in the financial report.</p>	<p>We tested the valuation of a representative sample of listed investments by vouching the share prices to external market information to ensure they are fairly stated.</p> <p>We agreed the existence of a representative sample of listed investments by confirming shareholdings with share registries.</p> <p>No material differences were identified.</p>
<p><i>Revenue from Investments</i></p> <p>ASAs presume there are risks of fraud in revenue recognition unless rebutted.</p> <p>We focused on the cut-off, accuracy and completeness of dividend revenue and dividend receivables</p>	<p>We assessed the accounting policy for revenue recognition for compliance with the accounting standards and performed testing to ensure that revenue had been accounted for in accordance with the accounting policy.</p> <p>We found that the accounting policies implemented were in accordance with the accounting standards, and that revenue has been accounted for in accordance with the accounting policy.</p> <p>We tested the accuracy and completeness of dividend revenue by agreeing the dividends and distributions of a representative sample of investments to supporting documentation obtained from share registries.</p> <p>We tested the cut-off and completeness of dividend revenue and dividend receivables by checking the dividend details of a representative sample of investments from external market information and ensured that dividends that were declared before, but payable after, the reporting date were recorded.</p> <p>No material differences were identified.</p>

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Other Information

The directors of BKI Investment Company Limited are responsible for the other information. The other information comprises the information in the annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit 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 audit 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.

Responsibilities of the Directors for the Financial Report

The directors of BKI Investment Company Limited are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the financial statements comply with *International Financial Reporting Standards*.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial reports.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 16 to 20 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of BKI Investment Company Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of BKI Investment Company Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of BKI Investment Company Limited and Controlled Entities for the year ended 30 June 2022 included on BKI Investment Company Limited's web site. The directors of the Company are responsible for the integrity of BKI Investment Company Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

MGI Sydney Assurance Services

MGI Sydney Assurance Services Pty Limited
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Clayton Lawrence', is written over a horizontal line.

Clayton Lawrence
Director

Sydney, 19 July 2022

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**BKI INVESTMENT COMPANY LIMITED AND CONTROLLED ENTITIES
ABN: 23 106 719 868**

**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 audit of BKI Investment Company Ltd and Controlled Entities for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, 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.

Name of Firm:

MGI Sydney Assurance Services
MGI Sydney Assurance Services Pty Limited

Chartered Accountants

Name of Auditor:



Clayton Lawrence
Director

Address:

Level 14, 20 Martin Place, Sydney NSW 2000

Dated this

19th day of July 2022

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BKI Investment Company Limited
Shareholder information
30 June 2022

The shareholder information set out below was applicable as at 30 June 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	1,603	0.08
1,001 to 5,000	2,664	1.03
5,001 to 10,000	2,461	2.51
10,001 to 100,000	9,477	43.43
100,001 and over	1,170	52.95
	<u>17,375</u>	<u>100.00</u>
Holding less than a marketable parcel of 301 shares	<u>697</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Washington H Soul Pattinson and Company Limited	63,311,002	8.52
HSBC Custody Nominees (Australia) Limited	12,320,612	1.66
Huntley Group Investments Pty Limited	8,523,274	1.15
BNP Paribas Nominees Pty Limited	7,766,364	1.05
J S Millner Holdings Pty Limited	6,216,300	0.84
J P Morgan Nominees Australia Pty Limited	3,404,701	0.46
I R McDonald Pty Limited	3,000,000	0.40
Netwealth Investments Limited	2,759,974	0.37
Jeanneau Cloud Nine Pty Limited	2,669,612	0.36
John E Gill Trading Pty Limited	2,284,877	0.31
Nibot Pty Limited	2,251,845	0.30
Donald Cant Pty Limited	2,198,698	0.30
Estate of Francis Albert Robertson	2,136,110	0.29
Snow Foundation Limited	2,092,700	0.28
T N Phillips Investments Pty Limited	2,058,962	0.28
K C Perks Investments Pty Limited	2,004,223	0.27
Citicorp Nominees Pty Limited	1,993,111	0.27
Fennybentley Pty Limited	1,800,000	0.24
G Guglielmini Nominees Pty Limited	1,713,785	0.23
Mr Timothy Frank Robertson	1,661,364	0.22
	<u>132,167,514</u>	<u>17.80</u>

BKI Investment Company Limited
Shareholder information
30 June 2022

Article 5.12 of the Company's Constitution provides:

- (a) Subject to this Constitution and any rights or restrictions attached to a class of Shares, on a show of hands at a meeting of Members, every Eligible Member present has one vote.
- (b) Subject to this Constitution and any rights or restrictions attached to a class of Shares, on a poll at a meeting of Members, every Eligible Member present has:
one vote for each fully paid up Share (whether the issue price of the
(i) Share was paid up or credited or both) that the Eligible Member holds; and
(ii) a fraction of one vote for each partly paid up Share that the Eligible Member holds. The fraction is equal to the proportion which the amount paid up on that Share (excluding amounts credited) is to the total amounts paid up and payable (excluding amounts credited) on that Share.

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

As at 30 June 2022 the name and holding of each substantial shareholder as disclosed in a notice received by the Parent is listed below. The number of shares held and percentage ownership do not necessarily reflect the current ownership levels of these shareholders, as any subsequent movements of less than 1% would not need to be disclosed to ASX or the Company.

	Number held	% of total shares issued
Washington H Soul Pattinson & Company Limited ⁽¹⁾	62,405,057	8.40
Brickworks Limited ⁽²⁾	62,405,057	8.40

(1) Details included on substantial shareholder notice dated 26 June 2018.

(2) Details included on substantial shareholder notice dated 27 June 2018. Shares held by Brickworks Limited represent a technical relevant interest as a result of Brickworks Limited's shareholding in Washington H Soul Pattinson & Company Limited.

Other information

There is no current on-market buy-back in place.

There were 109 (2021: 113) transactions in securities undertaken by the Group and the total brokerage paid or accrued during the year was \$448,268 (2021: \$553,659).

Management expense ratio

The Management Expense Ratio ("MER") is the operating expenses of the Group for the financial year, as shown in the income statement, expressed as a percentage of the average total assets of the Group for the financial year. The table below summarises the MER for each financial year ended 30 June.

2005	2006	2007	2008	2009	2010	2011	2012	2014
0.56	0.56	0.46	0.46	0.31	0.19	0.18	0.18	0.19
2014	2015	2016	2017	2018	2019	2020	2021	2022
0.17	0.18	0.16	0.15	0.16	0.17	0.17	0.17	0.17