

BKI INVESTMENT COMPANY LIMITED

ABN: 23 106 719 868



Appendix 4D- Half Year Report

31 December 2020

Lodged with the ASX under Listing Rule 4.2A

Contents

Appendix 4D – Half Year Report	2-4
Interim Financial Report	5-22
Auditors Independent Review Report	23-24
Auditors Independence Declaration	25

The reporting period is the half year ended 31 December 2020 with the previous corresponding period being the half year ended 31 December 2019.

BKI Investment Company Limited Half Year ended 31 December 2020

Appendix 4D – Half Year Report

Results for Announcement to the Market

				Dec 2020	Dec 2019
		Change		\$'000	\$'000
Revenue Performance:					
Investment revenue – Ordinary	Down	38.5%	to	16,574	from 26,971
Special investment revenue	Down	54.3%	to	459	from 1,005
Total income from ordinary activities	Down	41.1%	to	16,706	from 28,381

Profits:

Operating result after tax - before special investment revenue and applicable tax	Down	41.0%	to	14,463	from 24,521
Special investment revenue net of applicable tax	Down	53.1%	to	459	from 979
Net profit from ordinary activities after tax attributable to shareholders	Down	41.5%	to	14,922	from 25,500
Net profit attributable to shareholders	Down	41.5%	to	14,922	from 25,500

				Dec 2020	Dec 2019
		Change		Cents	Cents
Earnings per share:					
Basic earnings per share before special investment revenue and applicable tax	Down	41.5%	to	1.96	from 3.35
Basic earnings per share after special investment revenue	Down	42.0%	to	2.02	from 3.48

Dividends per share:

Interim – Ordinary	Down	44.8%	to	2.000	from 3.625
Interim – Special	Steady		at	Nil	from nil

BKI Investment Company Limited Half Year ended 31 December 20

Appendix 4D – Half Year Report

Results for Announcement to the Market (continued)

Explanation of Operating Results

The net operating result after tax for the half year ended 31 December 2020 excluding special investment revenue was \$14.5 million, a decrease of 41.0% over the previous corresponding period. The net operating profit after tax for the half year including special investment revenue was \$14.9 million, a decrease of 41.5% over the previous corresponding period.

The primary driver of these results was the fact that many companies held in the BKI Investment Portfolio significantly reduced or cancelled their dividends paid in the August/September period due to the economic disruption and ongoing uncertainty caused by the COVID-19 pandemic. Interest rates continued to decrease, and bank interest received by BKI was down 81% to \$0.1m for the period, compared to \$0.4 million last year.

As a result of the above, BKI's Basic earnings per share before special investment revenue was 41.5% lower at 1.96 cents per share. With only few special dividends received during the period, basic earnings per share decreased 42.0% to 2.02 cents per share.

	Ordinary Operations Dec 2020 \$'000	Special Investment Revenue Dec 2020 \$'000	Statutory Numbers Dec 2020 \$'000	Statutory Numbers Dec 2019 \$'000
Revenue from investment portfolio	16,574	459	17,033	27,976
Revenue from bank deposits	75	-	75	403
Other losses	(402)	-	(402)	-
Other income	-	-	-	2
Income from operating activities	16,247	459	16,706	28,381
Operating expenses	(1,017)	-	(1,017)	(1,123)
Operating result before tax	15,230	459	15,689	27,258
Income tax expense	(767)	-	(767)	(1,758)
Net operating result	14,463	459	14,922	25,500
	Cents per share		Cents per share	Cents per share
Basic and diluted earnings per share	1.96		2.02	3.48

BKI Investment Company Limited

Half Year ended 31 December 2020

Appendix 4D – Half Year Report

Results for Announcement to the Market (continued)

NTA Backing

	31 Dec 2020	31 Dec 2019
Net tangible asset backing per ordinary share before tax	153.9 cents	166.3 cents
Net tangible asset backing per ordinary share after tax	146.9 cents	156.1 cents

Additional Dividend Information

The directors have declared an interim ordinary dividend of 2.0 cents per share, fully franked at the tax rate of 30%. The dividend will be paid on Thursday 25 February 2021, the ex-dividend date is Friday 5 February 2021, and the Record Date for determining entitlements to the dividend is Monday 8 February 2021.

The Company will continue its Dividend Reinvestment Plan, offering shareholders the opportunity to receive additional shares in the Company instead of receiving cash dividends. The Dividend Reinvestment Plan will be offered at no discount. The last date for the receipt of an election notice to participate in the Dividend Reinvestment Plan is Tuesday 9 February 2021.

Shareholders can update their election notices electronically by following the link on the Share Registry page of the BKI website. (<https://bkillimited.com.au/share-registry/>)

Shareholders are also reminded that BKI does not pay dividends by cheque to shareholders with a registered address in Australia or New Zealand. These shareholders need to complete a direct credit form and return it to BKI's share registry. Shareholders can obtain the relevant form by following the link to BKI's Share Registry: (<https://www.advancedshare.com.au/Investor-Login/>)



ABN 23 106 719 868

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

BKI INVESTMENT COMPANY LIMITED
ABN: 23 106 719 868

CORPORATE DIRECTORY

Directors

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

Investment Manager

Contact Asset Management Pty Limited (**Contact**)

Tom Millner BKI Portfolio Manager appointed by Contact

Will Culbert BKI Portfolio Manager appointed by Contact

Company Secretary

Jaime Pinto

Registered Office

Level 14,
151 Clarence Street
Sydney NSW 2000

Telephone: (02) 9210 7000

Facsimile: (02) 9210 7099

Postal Address:

GPO Box 5015

Sydney 2001

Auditors

MGI Sydney Assurance Services Pty Limited

Level 5

6 O'Connell Street

SYDNEY NSW 2000

Share Registry

Advanced Share Registry Services Limited

110 Stirling Highway

Nedlands WA 6009

Australian Stock Exchange Code

Ordinary Shares

BKI

Website

www.bkilimited.com.au

DIRECTORS' REPORT

The Directors of BKI Investment Company Limited ("the Company") present the following report on the Company and its controlled entities ("the Group") for the six months to 31 December 2020.

1. Directors

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

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

2. Review of the Group's operations and results

Corporate Objectives

The Group aims to generate an increasing income stream for distribution to shareholders in the form of fully franked dividends to the extent of available imputation tax credits, through long-term investment in a portfolio of assets that are also able to deliver long term capital growth to shareholders.

Investment Strategy

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

Financial Performance

The consolidated profit for the half year ending 31 December 2020 was \$14.9 million (2019: \$25.5 million), following a devastating period of economic uncertainty and disruption caused by the COVID19 pandemic. This disruption to the underlying economy and subsequent impact on investment markets has seen a significant cut to dividends being paid by many of BKI's investments. Similar to the second half of FY2020, many companies have again reduced or cancelled dividend payments during the first half of FY2021, with very few companies declaring special dividends.

Operating result after tax excluding special investment revenue decreased by 41% to \$14.5 million (2019: \$24.5 million).

Basic earnings per share decreased 42.0% to 2.02 cents per share, driven by the significant decrease in dividends and distributions received compared to the prior period, and exacerbated by lower interest income as rates continued to fall. Basic earnings per share excluding special investment revenue for the half year ending 31 December 2020 was 41.5% lower at 1.96 cents per share.

DIRECTORS' REPORT (continued)

Likely Developments and Expected Results

BKI will continue its strategy of investing for the long term in a portfolio of assets to deliver shareholders an increasing income stream and long term capital growth. The success of this strategy will be strongly influenced by the performance of the underlying investee companies, their share price movements, and capital management and income distribution policies.

The performance of these companies will be influenced by general economic and market conditions such as economic growth rates, interest rates, inflation, and 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 COVID-19 pandemic created significant social and economic upheaval in FY2020, 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 FY2021. 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 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.

3. Significant changes in the state of affairs

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

4. Auditor's Independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

5. Rounding

The amounts contained in this report and in the half year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations Instrument (Rounding in Financial/ Directors' Reports) 2016/191. The Company is an entity to which the legislative instrument applies.

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



Robert D Millner - Chairman
Sydney
20 January 2021

CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR TO 31 DECEMBER 2020

	Note	Dec 20 \$'000	Dec 19 \$'000
Revenue from investment portfolio	3 (a)	16,574	26,971
Revenue from bank deposits		75	403
Other income		-	2
Other (losses)/ gains	3 (c)	(402)	-
Income from operating activities before special investment revenue		16,247	27,376
Operating expenses	4	(1,017)	(1,123)
Operating result before income tax expense and special investment revenue		15,230	26,253
Special investment revenue	3 (b)	459	1,005
Net profit before income tax		15,689	27,258
Income tax expense		(767)	(1,758)
Net operating profit for the half year		14,922	25,500
Profit for the half year attributable to members of the Company		14,922	25,500
		Cents	Cents
Basic and diluted earnings per share including special investment revenue	5	2.02	3.48

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

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR TO 31 DECEMBER 2020**

	Dec 20	Dec 19
	\$'000	\$'000
Profit for the half year attributable to members of the Company	14,922	25,500
Other Comprehensive Income		
Net realised gain/ (loss) on investment portfolio	31,215	(1,031)
Tax (expense)/ benefit on net realised gain/ loss on investment portfolio	(9,364)	309
Net unrealised gain/ (loss) on investment portfolio	28,036	(8,771)
Deferred tax (expense)/ benefit on net unrealised gain/ loss on investment portfolio	(8,411)	2,631
Total other comprehensive income	41,476	(6,862)
Total comprehensive income	56,398	18,638

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR TO 31 DECEMBER 2020

	Note	Dec 20 \$'000	Jun 20 \$'000
Current Assets			
Cash and cash equivalents		15,664	48,290
Trade and other receivables		4,342	11,079
Financial assets – trading portfolio	6	19,867	-
Prepayments		7	45
Total Current Assets		39,880	59,414
Non-Current Assets			
Financial assets - investment portfolio	6	1,097,094	1,025,474
Property, plant & equipment		1	1
Deferred tax assets		16,118	25,744
Total Non-Current Assets		1,113,213	1,051,219
Total Assets		1,153,093	1,110,633
Current Liabilities			
Trade and other payables		376	312
Current tax liabilities		877	2,438
Total Current Liabilities		1,253	2,750
Non-Current Liabilities			
Deferred tax liabilities		68,823	59,976
Total Non-Current Liabilities		68,823	59,976
Total Liabilities		70,076	62,726
Net Assets		1,083,017	1,047,907
Equity			
Share Capital	7	927,261	924,130
Revaluation reserve		150,282	130,657
Realised capital gains reserve		(30,325)	(52,176)
Retained Profits		35,799	45,296
Total Equity		1,083,017	1,047,907

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR TO 31 DECEMBER 2020**

Consolidated Entity	Share capital	Revaluation Reserve	Realised Capital Gains Reserve	Retained Profits	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at 1 July 2020	924,130	130,657	(52,176)	45,296	1,047,907
Issues of shares, net cost	3,131	-	-	-	3,131
Dividends paid or provided for	-	-	-	(24,419)	(24,419)
Revaluation of investment portfolio	-	28,036	-	-	28,036
Provision for tax on unrealised gains/losses	-	(8,411)	-	-	(8,411)
Profit for the period	-	-	-	14,922	14,922
Net realised gains through other comprehensive income	-	-	21,851	-	21,851
Total Equity at 31 December 2020	927,261	150,282	(30,325)	35,799	1,083,017
Total equity at 1 July 2019	916,233	220,494	(38,902)	57,603	1,155,428
Issues of shares, net cost	4,412	-	-	-	4,412
Dividends paid or provided for	-	-	-	(34,342)	(34,342)
Revaluation of investment portfolio	-	(8,771)	-	-	(8,771)
Provision for tax on unrealised gains/losses	-	2,631	-	-	2,631
Profit for the period	-	-	-	25,500	25,500
Net realised (losses) through other comprehensive income	-	-	(722)	-	(722)
Total Equity at 31 December 2019	920,645	214,354	(39,624)	48,761	1,144,136

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR TO 31 DECEMBER 2020

	Dec 20 \$'000	Dec 19 \$'000
Cash flows from operating activities		
Payments to suppliers and employees	(915)	(1,090)
Dividends and distributions received	22,753	32,904
Payments for held-for-trading financial assets	(21,310)	-
Other receipts	-	2
Interest received	75	467
Income tax paid	(1,772)	(792)
Net cash (outflow)/ inflow from operating activities	(1,169)	31,491
Cash flows from investing activities		
Purchases for investment portfolio	(93,518)	(65,155)
Sales from investment portfolio	83,105	55,511
Capital returns received	248	527
Payments for intangible assets	-	(2)
Net cash outflow from investing activities	(10,165)	(9,119)
Cash flows from financing activities		
Proceeds from issues of ordinary shares (net of issue costs)	(12)	(14)
Dividends paid	(21,280)	(29,921)
Net cash outflow from financing activities	(21,292)	(29,935)
Net decrease in cash held	(32,626)	(7,563)
Cash at the beginning of the period	48,290	88,856
Cash at the end of the period	15,664	81,293

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2020

1. BASIS OF PREPARATION

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by BKI Investment Company Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

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

The accounting policies are consistent with those applied in the 30 June 2020 Annual Report.

New or amended Accounting Standards and Interpretations adopted

The Company 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.

There are no new Accounting Standards and Interpretations issued by the AASB that have become effective in the current accounting period and that are applicable to the Company:

Australian Accounting Standards not yet effective

The Group has not applied any Australian Accounting Standards or UIG interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2021 ("the inoperative standards"). The Group only intends to adopt the inoperative standards at the date at which their adoption becomes mandatory.

Reporting Basis and Conventions

This financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2020 (CONTINUED)

2. FINANCIAL REPORTING BY SEGMENTS

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

	Dec 20	Dec 19
	\$'000	\$'000

3. INCOME

(a) Ordinary revenue from investment portfolio

Fully franked dividends	11,719	20,388
Unfranked dividends	1,854	2,691
Trust distributions	3,001	3,892
	16,574	26,971

(b) Special investment revenue

Fully franked dividends	459	920
Unfranked dividends	-	85
	459	1,005

(c) Other (losses)/ gains

Realised losses on trading portfolio	(5)	-
Unrealised losses on trading portfolio	(397)	-
	(402)	-

4. OPERATING EXPENSES

Management fees	557	630
Administration expenses	217	252
Employee and director expenses	158	157
Professional fees	85	84
Total operating expenses	1,017	1,123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2020 (CONTINUED)

5. EARNINGS PER SHARE

	Dec 20	Dec 19
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	737,015,905	732,553,825

	Dec 20 \$'000	Dec 19 \$'000
Operating profit after tax, excluding special investment revenue net of applicable tax	14,463	24,521
Net operating profit for the half year	14,922	25,500

	Dec 20 Cents	Dec 19 Cents
Basic and diluted earnings per share on operating profit after tax, excluding special investment revenue net of applicable tax	1.96	3.35
Basic and diluted earnings per share including special investment revenue net of applicable tax	2.02	3.48

	Dec 20 \$'000	Jun 20 \$'000
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6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO

Current investment portfolio

Listed securities at fair value held for trading	19,867	-
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Non-current investment portfolio

Listed securities at fair value available for sale	1,097,094	1,025,474
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Total investment portfolio	1,116,961	1,025,474
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2020 (CONTINUED)**

6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)

Stock	Equities Held	Market Value 31 Dec 20 \$'000	% of Portfolio Value
<u>Financials</u>			
Macquarie Group Limited	655,182	90,730	8.12
Commonwealth Bank of Australia Limited	1,100,935	90,398	8.09
National Australia Bank Limited	2,146,120	48,502	4.34
ASX Limited	397,750	28,638	2.56
Magellan Financial Group Limited	383,500	20,579	1.84
NAB Convertible Notes	162,000	16,830	1.51
Equity Trustees Limited	383,942	10,167	0.91
Milton Corporation Limited	2,103,640	10,034	0.91
Suncorp Group Limited	951,408	9,267	0.83
Pendal Group Limited	1,093,185	7,138	0.64
Platinum Asset Management	1,738,000	7,091	0.63
Evans Dixon	6,631,759	4,012	0.36
		343,386	30.74
<u>Materials</u>			
BHP Group	2,050,000	86,981	7.79
Fortescue Metal Group	800,195	18,749	1.68
Ancor	1,194,890	18,330	1.64
Rio Tinto Limited	154,441	17,580	1.57
Brickworks Limited	436,209	8,375	0.75
Orora	1,600,000	4,320	0.39
		154,335	13.82
<u>Consumer Discretionary</u>			
Wesfarmers Limited	1,129,102	56,907	5.10
ARB Corporation Limited	945,447	29,120	2.61
Harvey Norman Holdings Limited	5,036,154	23,619	2.11
Invocare Limited	1,638,974	18,766	1.68
		128,412	11.50

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR TO 31 DECEMBER 2020 (CONTINUED)

6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)

Stock	Shares Held	Market Value 31 Dec 20 \$'000	% of Portfolio Value
<u>Industrials</u>			
Transurban Group	5,485,952	74,938	6.71
Reece Limited	515,499	7,630	0.68
Lindsay Australia Limited	17,141,631	5,828	0.52
Brambles Limited	500,576	5,306	0.48
IPH Limited	665,000	4,276	0.38
		97,978	8.77
<u>Consumer Staples</u>			
Woolworths Limited	1,428,744	56,164	5.04
Coles Group	1,129,102	20,482	1.83
Treasury Estate	905,155	8,508	0.76
Inghams Group	1,978,355	6,173	0.55
		91,327	8.18
<u>Utilities</u>			
APA Group	7,775,389	75,032	6.72
AGL Energy Limited	1,233,708	14,743	1.32
		89,775	8.04
<u>Telecommunications Services</u>			
TPG Telecom Limited	5,748,362	41,503	3.72
Telstra Corporation Limited	8,524,451	25,403	2.27
Tuas Limited	2,874,181	2,156	0.19
		69,062	6.18
<u>Health Care</u>			
Ramsay Health Care Limited	515,070	32,027	2.87
Sonic Healthcare Limited	960,899	30,893	2.77
Regis Healthcare Limited	1,807,428	3,416	0.30
		66,336	5.94

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2020 (CONTINUED)**

6. FINANCIAL ASSETS – INVESTMENT PORTFOLIO (continued)

Stock	Shares Held	Market Value 31 Dec 20 \$'000	% of Portfolio Value
<u>Energy</u>			
Woodside Petroleum Limited	1,175,876	26,739	2.39
New Hope Corporation Limited	12,950,952	18,326	1.64
		45,065	4.03
<u>Property</u>			
Goodman Limited	945,000	17,870	1.60
Lendlease	633,178	8,295	0.74
Stockland Group	1,225,000	5,120	0.46
		31,285	2.80
TOTAL		1,116,961	100.00

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2020 (CONTINUED)**

7. SHARE CAPITAL

	Dec 20	Jun 20
	\$'000	\$'000

(a) Issued and paid-up capital

Ordinary shares	927,261	924,130
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(b) Movement in ordinary shares

	Dec 2020	
	Number of Shares	\$'000
Beginning of the period	735,513,845	924,130
Issues during the half year:		
- dividend reinvestment plan	2,211,032	3,139
- less transaction costs (net of tax)		(8)
End of the period	737,724,877	927,261

8. DIVIDENDS

	Dec 20	Dec 19
	\$'000	\$'000

(a) Dividends paid

Final ordinary dividend for the year ended 30 June 2020 of 2.32 cents per share (2019: 3.70 cents per share) fully franked at the rate of 30%

17,064	27,035
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Final special dividend for the year ended 30 June 2020 of 1.0 cents per share (2019: 1.0 cents per share) fully franked at the rate of 30%

7,355	7,307
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Total dividends paid

24,419	34,342
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(b) Dividends declared after balance date

Since the end of the half year the Directors have declared an interim ordinary dividend for the 2021 financial year of 2.0 cents per share, fully franked at the tax rate of 30%. This dividend will be paid on 25 February 2021, but has not been recognised as liabilities at the half year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR TO 31 DECEMBER 2020 (CONTINUED)**

9. ACQUISITION OF CONTROLLED ENTITIES

During the half year the Company did not acquire shares in any entities (2019: nil).

10. RELATED PARTY TRANSACTIONS

The Group did not enter into any new arrangements with related parties during the half year ended 31 December 2020. Ongoing arrangements with related parties of the Company in place as at 30 June 2020 continue to be in place. For details of these continuing arrangements, refer to Note 21 of the 30 June 2020 Annual Financial Report.

11. CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2020.

12. COMMITMENTS

The Group has no capital or leasing commitments as at 31 December 2020.

13. EVENTS SUBSEQUENT TO BALANCE DATE

Since 31 December 2020 to the date of this report there has been no event of which the Directors are aware which has had a material effect on the Group or its financial position.

14. AUTHORISATION

The financial report was authorised for issue on 20 January 2021 by the Board of Directors.

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity as set out on pages 8 to 21 are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
 - ii complying with the Australian Accounting Standard AASB134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Robert D Millner - Chairman

Sydney
20 January 2021



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BKI Investment Company Limited and Controlled Entities, which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year ended or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors' determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BKI Investment Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BKI Investment Company Limited, would be in the same terms if given to the directors as at the time of this review report.



Conclusion

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

- a) giving a true and fair view of the entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Other Information

The directors of the Company are responsible for the other information. The other information obtained at the date of this review report comprises the information included in the Directors' Report for the half year ended 31 December 2020, but does not include the financial report and our review report thereon. Our conclusion on the financial report does not cover the other information and accordingly we do not express any form of review conclusion thereon.

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

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

MGI Sydney

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, 20 January 2021



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

As lead auditor for the review of BKI Investment Company Pty Limited and Controlled Entities for the half-year ended 31 December 2020, there have been:

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

MGI Sydney

MGI Sydney Assurance Services Pty Limited
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Clayton Lawrence', written over a circular stamp or seal.

Clayton Lawrence
Director

Sydney, 20 January 2021