



**BKI INVESTMENT
COMPANY LIMITED**

2011 Annual General Meeting



**BKI INVESTMENT
COMPANY LIMITED**

**2011
Annual General Meeting
Chairman's Address**



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Investors should consult their financial adviser in relation to any material within this document.



Non Executive Directors

Robert Millner

Chairman of the Board
Chairman of the Investment Committee
Chairman of the Nomination Committee

David Hall

Independent Non-Executive Director
Chairman of Audit Committee

Alexander Payne

Non-Executive Director
Chairman of Remuneration Committee
Investment Committee

Ian Huntley

Independent Non-Executive Director
Investment Committee



Thomas Millner

Chief Executive Officer
Investment Committee

Richard Pillinger

Company Secretary
- Retiring following AGM

Jaime Pinto

Company Secretary
- To be appointed following AGM

Martin Bocxe

Auditor – Ruwald & Evans



Fund Manager of the Year Awards

BKI awarded “2011 Listed Investment Company of the Year”

The award is a great endorsement of an LIC whose major focus is to invest in quality companies, enabling it to generate a growing dividend stream and capital growth.

Exciting future for the LIC sector.



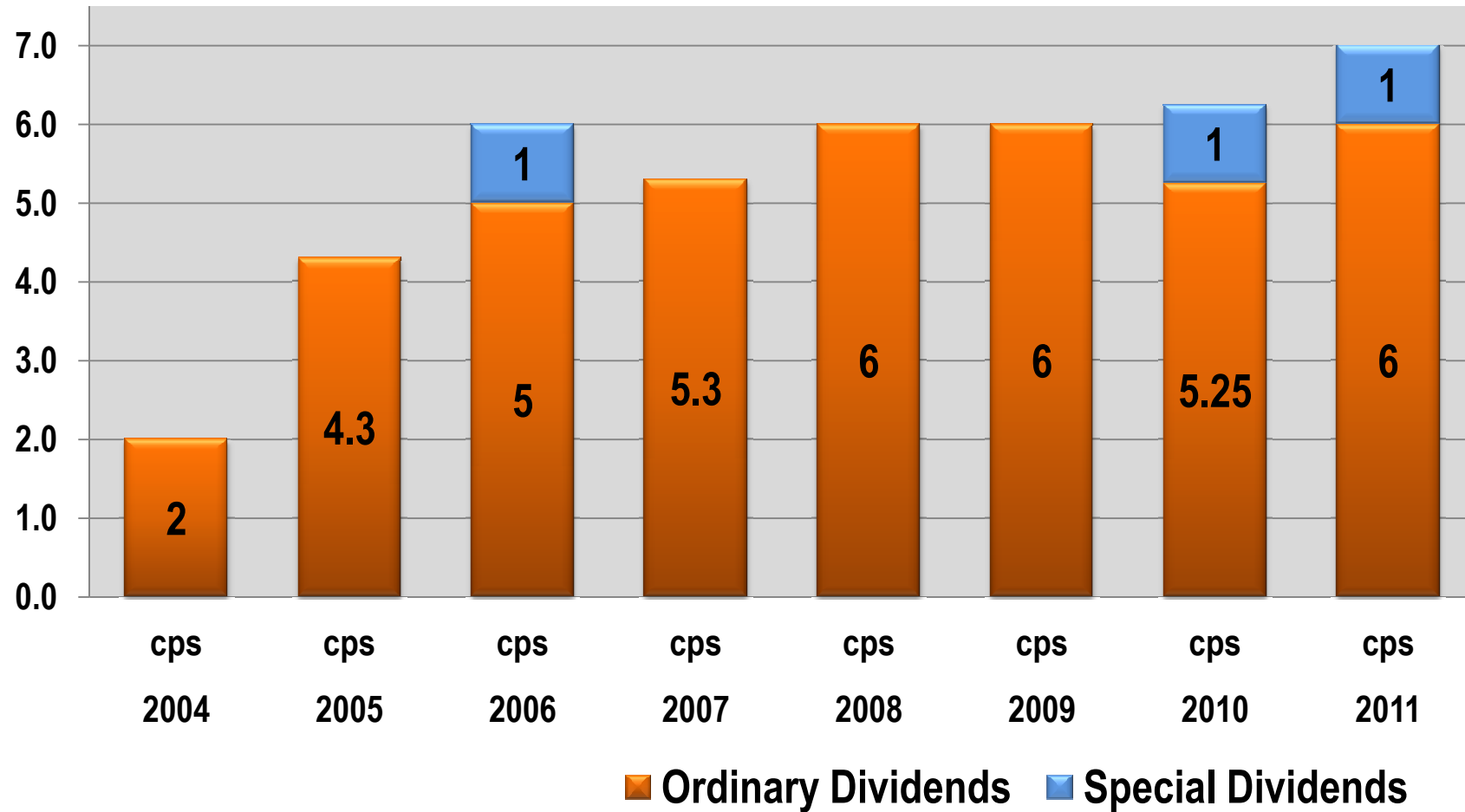
BKI's Key Objective

BKI's key objective is to generate an increasing income stream for distribution to its shareholders in the form of fully franked dividends.

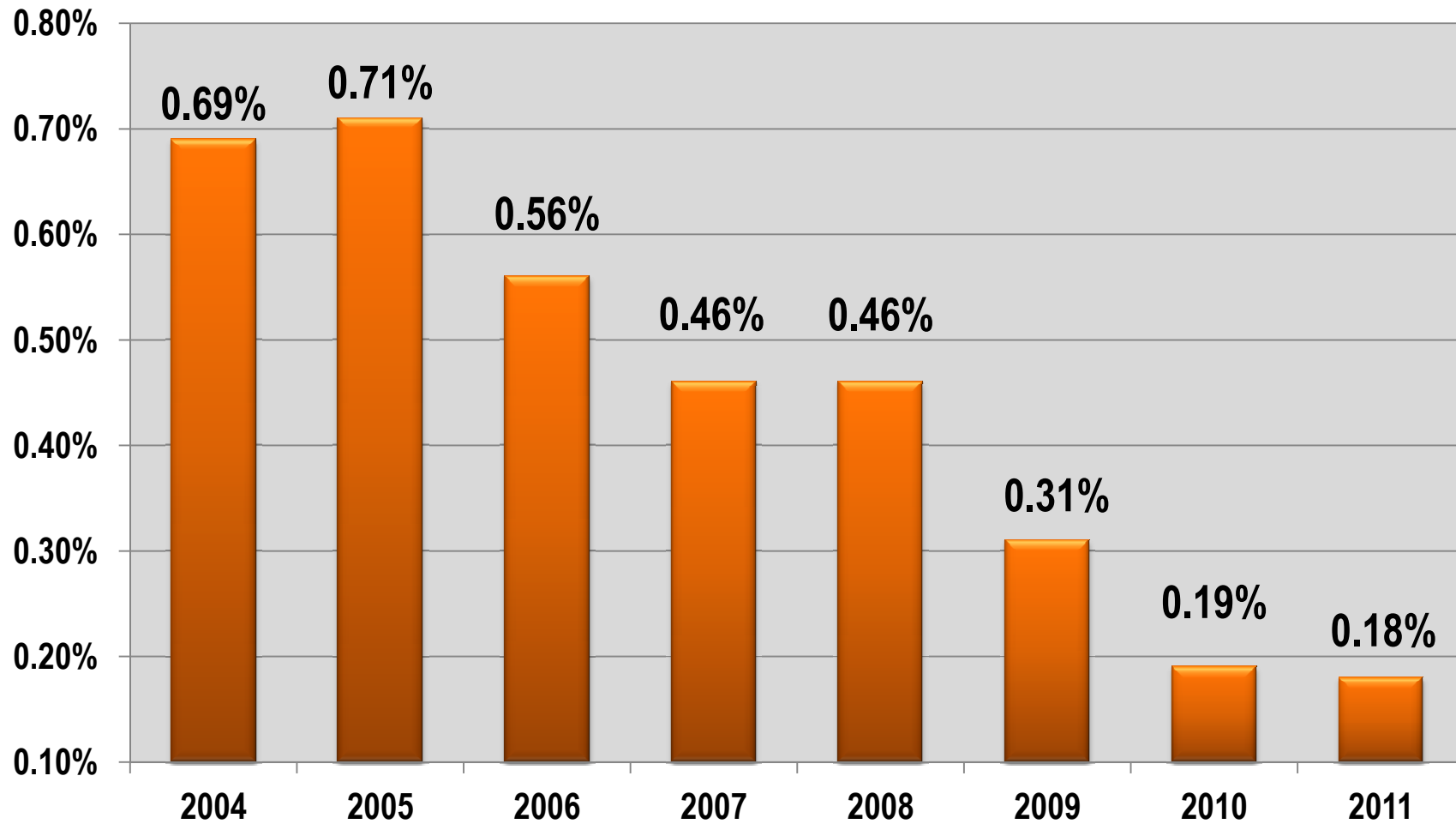
Based on the rolling 12 Month Dividend, including specials; BKI's historical fully franked dividend yield as at 30 September 2011 was 6.5%.

BKI's historical grossed up yield as at 30 September 2011 was 9.3%.

Dividends Paid



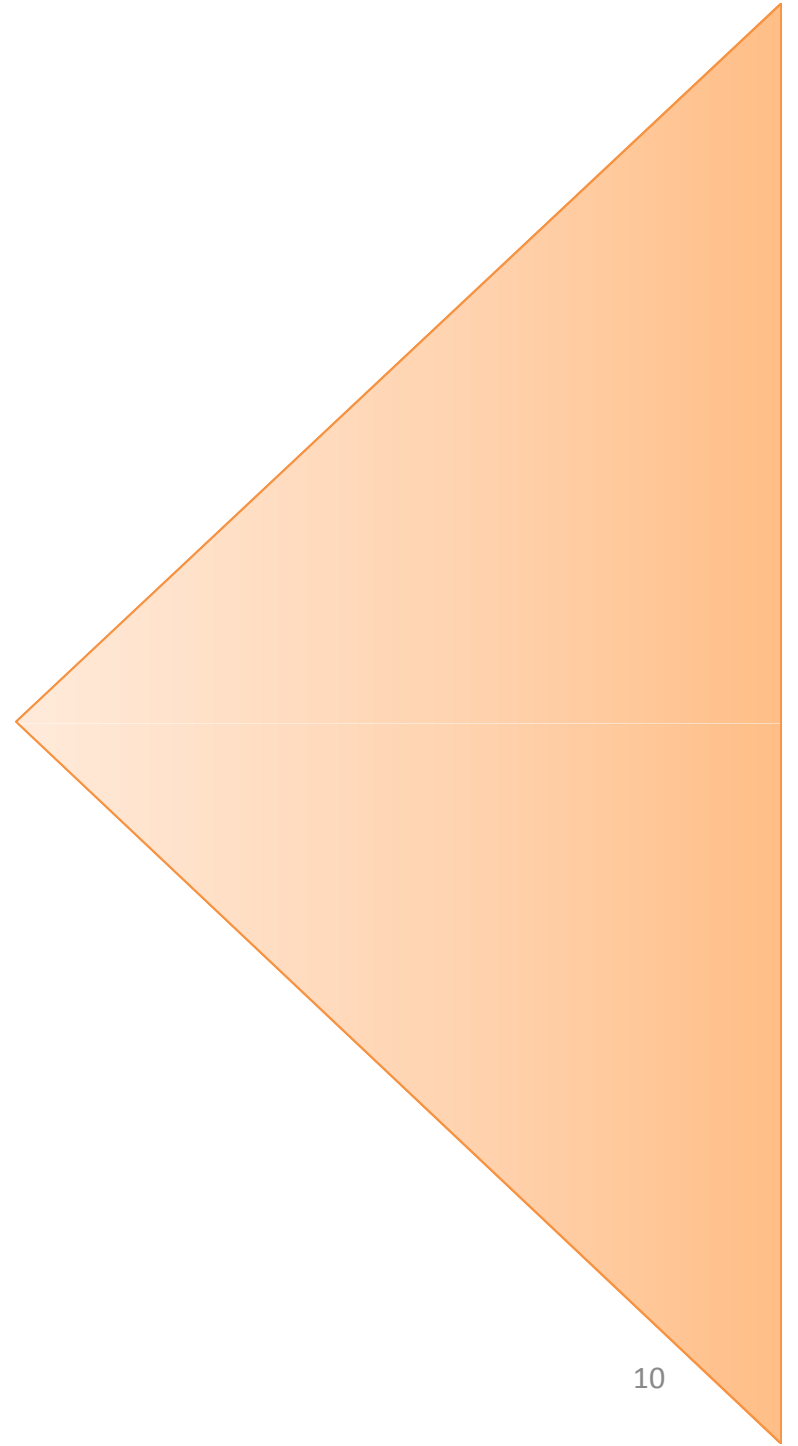
Management Expense Ratio



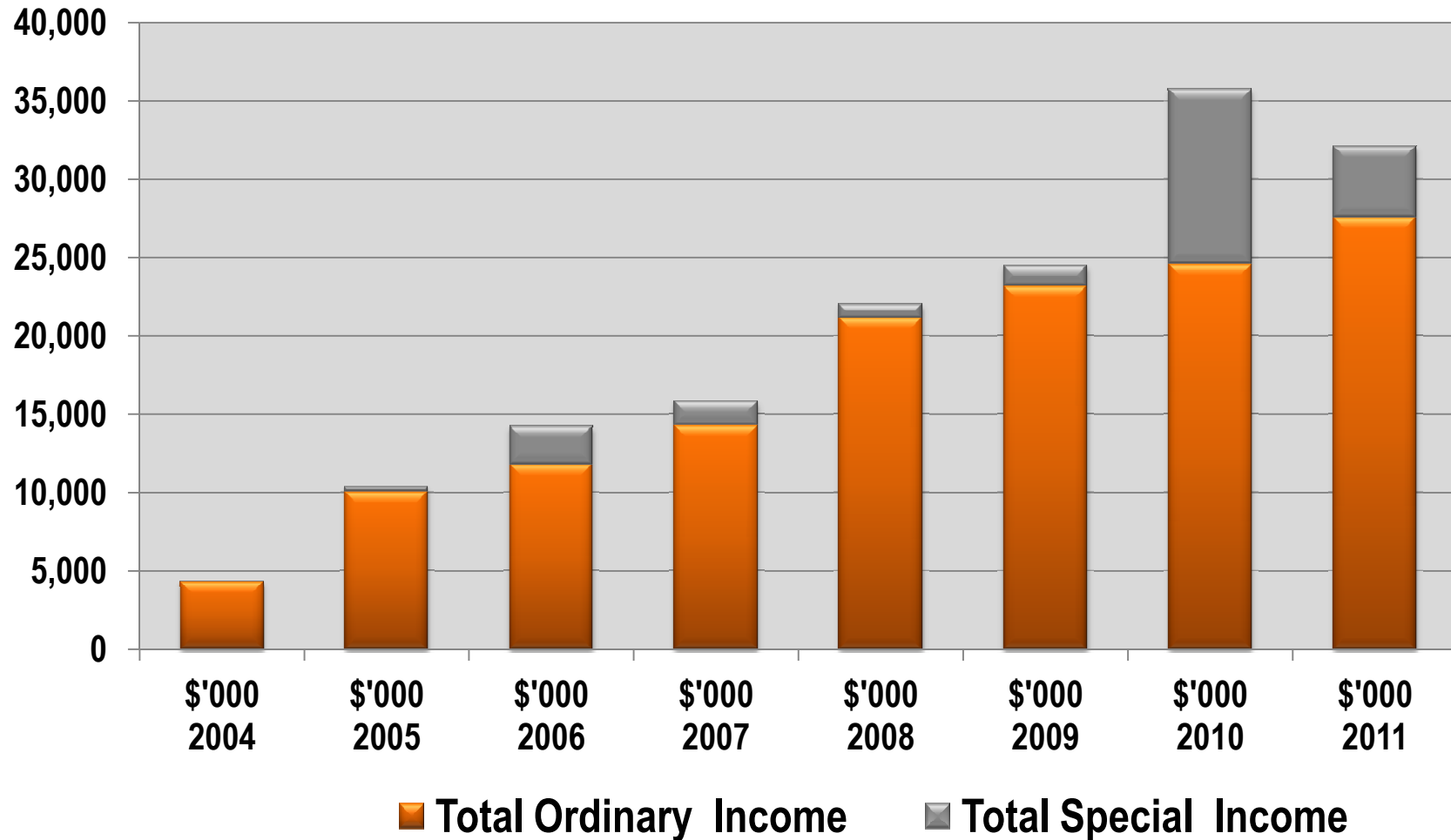


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COMPANY LIMITED**

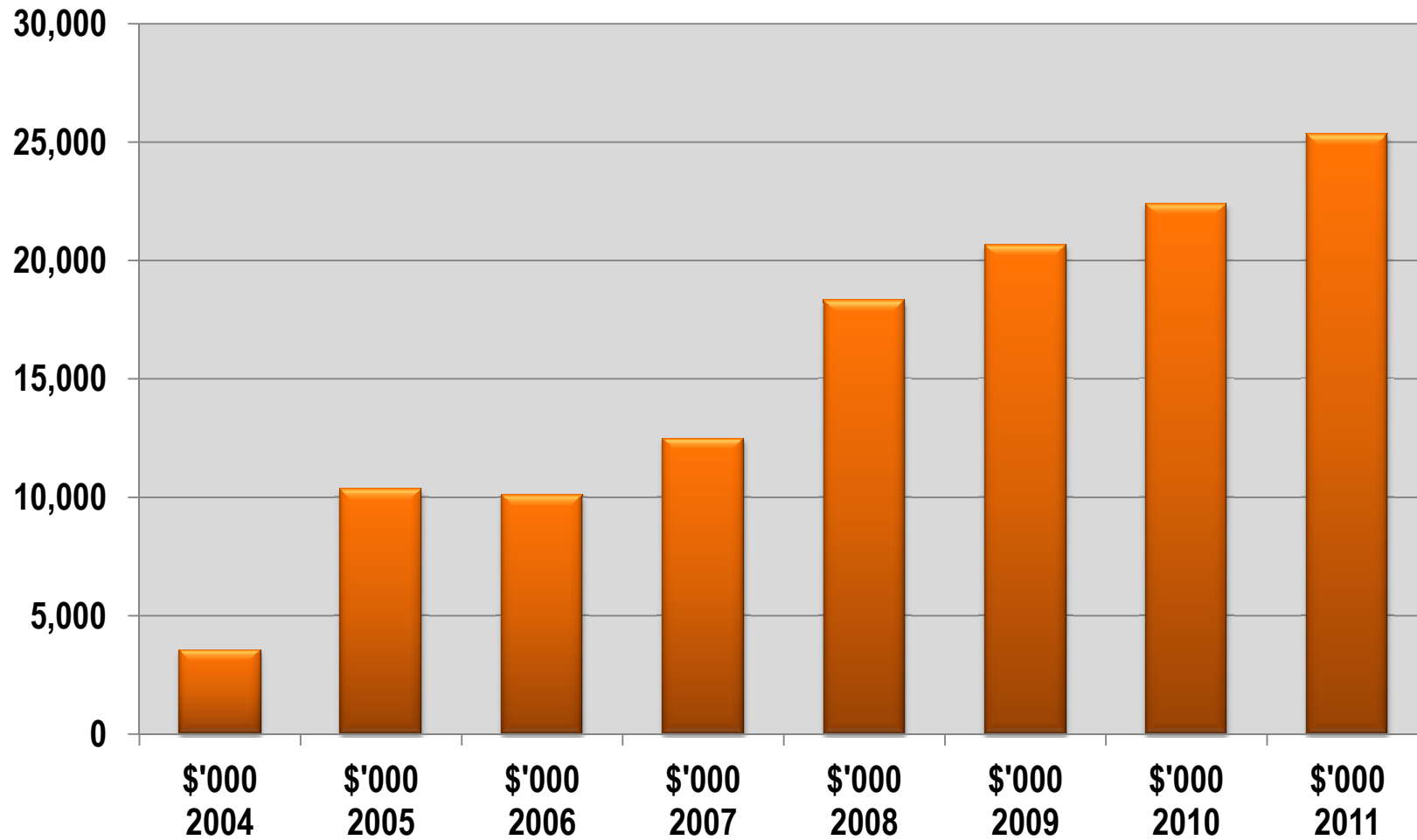
**2011
Annual General Meeting
CEO's Address**



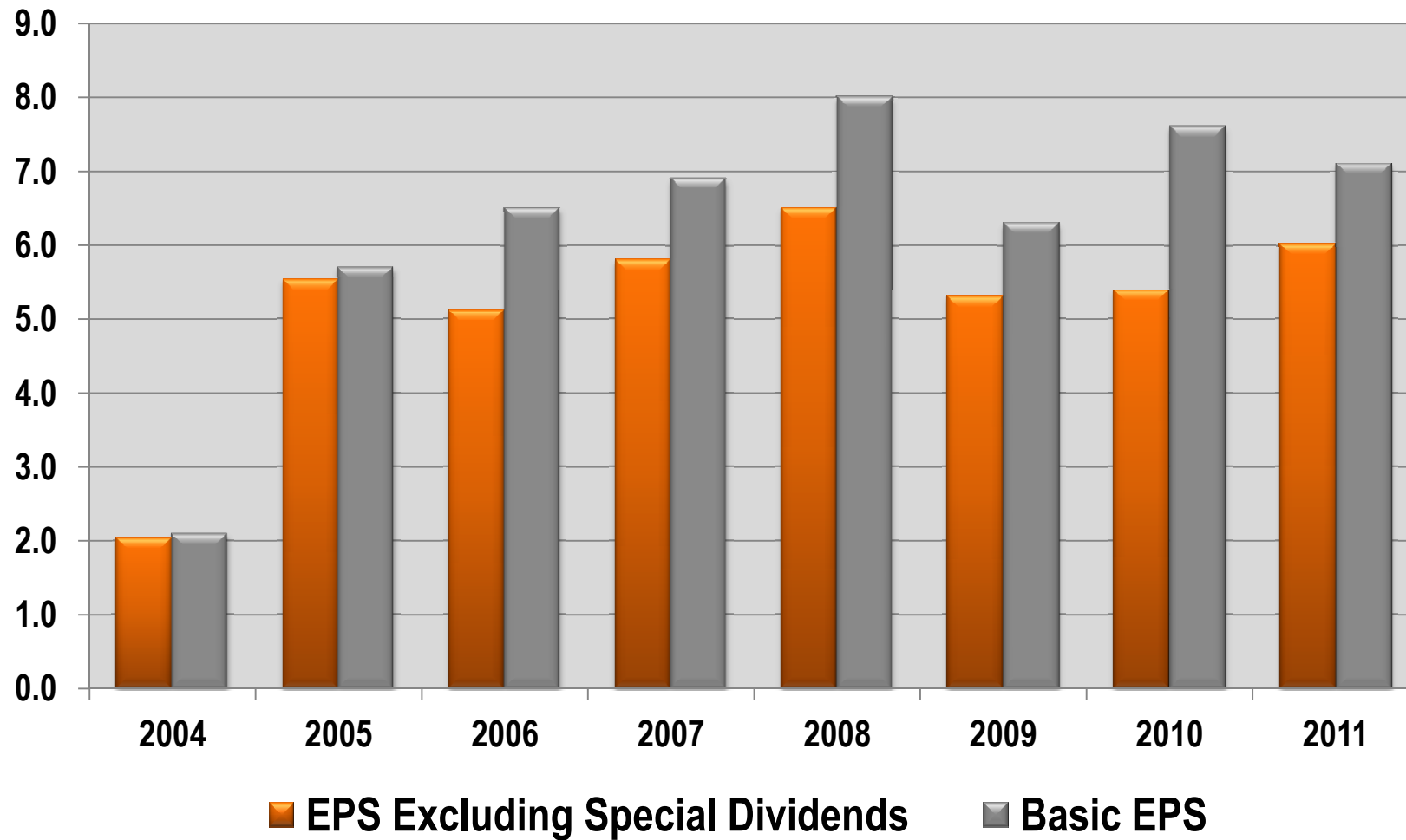
Dividend Income



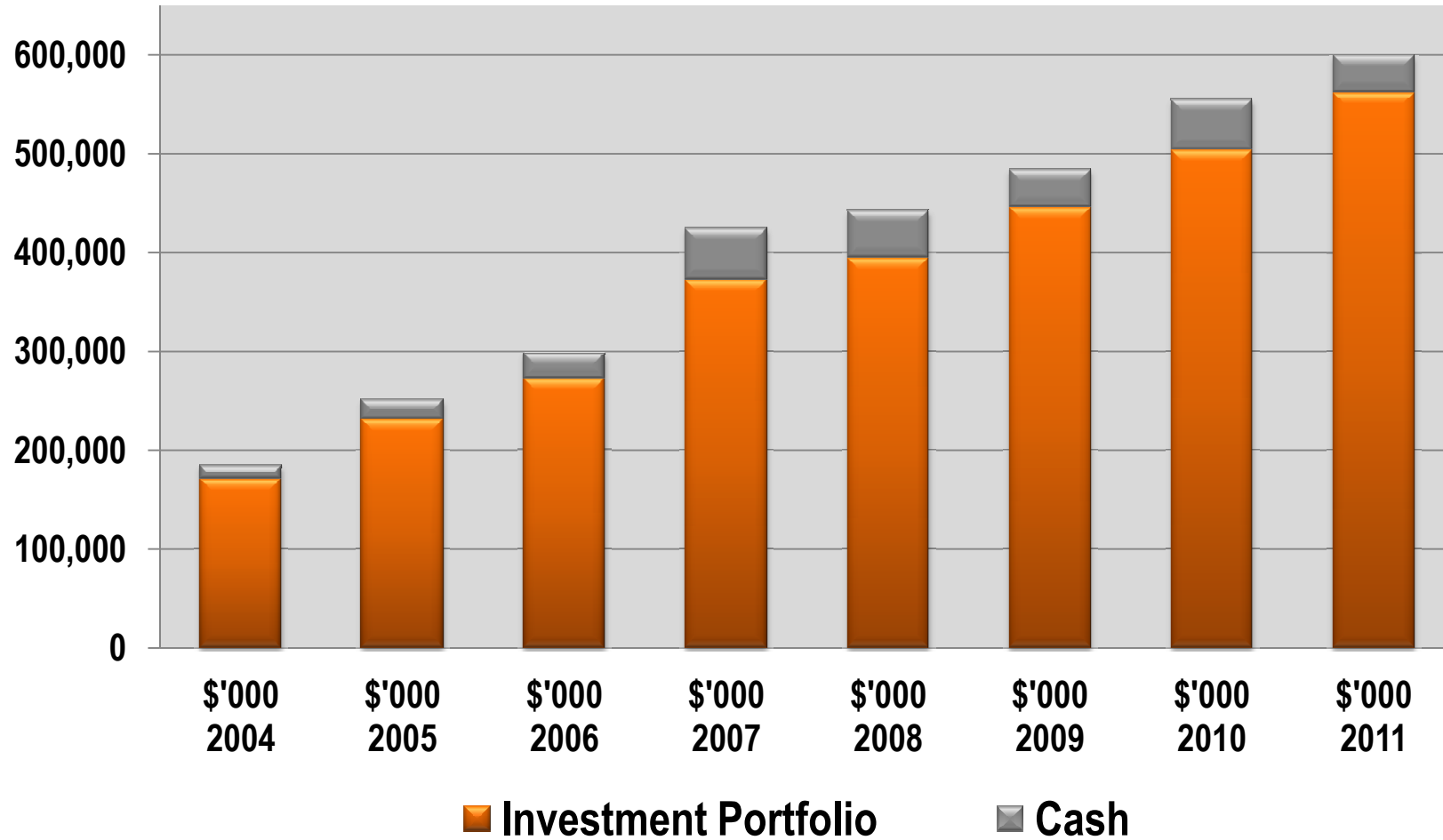
Operating Profits



Earnings Per Share



Portfolio Valuation





BKI Performance

as at 30 June 2011

BKI Portfolio Returns are measured after all operating expenses, provision and payment of income and capital gains tax.

BKI Performance	6 Mths	1 Year	3 Years (pa)	5 Years (pa)	7 Years (pa)
S&P/ASX 300 ACC INDEX (XKOAI)	-1.3%	11.9%	0.3%	2.4%	8.4%
BKI Total Shareholder Returns	-1.3%	11.2%	5.1%	2.9%	8.0%
BKI Share Price Outperformance V's XKOAI	0.0%	-0.7%	4.8%	0.5%	-0.4%
BKI Portfolio Performance	1.9%	12.0%	2.3%	4.4%	8.4%
BKI Portfolio Outperformance V's XKOAI	3.2%	0.1%	2.0%	2.0%	0.0%

Source: BKI Investment Company Limited, IRESS. Portfolio Returns are measured by change in pre tax NTA and are after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends. Total Shareholder Returns include reinvestment of dividends. Past performance is not indicative of future performance.



Portfolio Movements

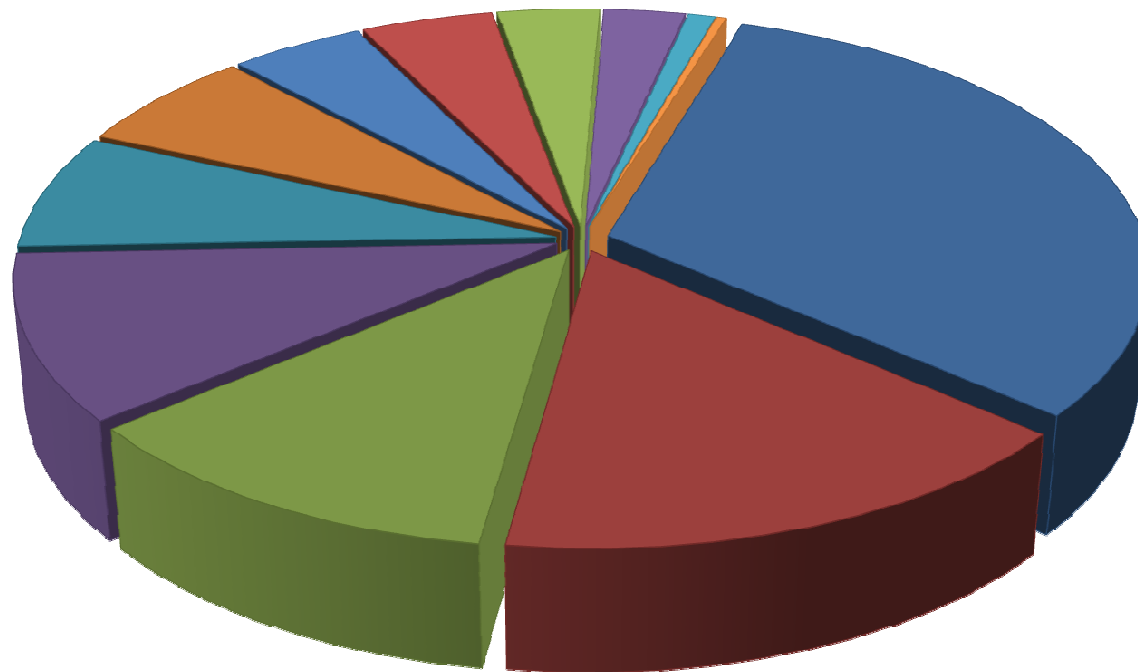
Major Investments:	ANZ Banking Corporation	AMP Limited
	Milton Corporation	QUBE Logistics
	Telstra Corporation	UGL Limited
	Commonwealth Bank	QBE Insurance Group
	Coca Cola Amatil	Woolworths Limited
Major Divestments:	Choiseul Investments	Boral Limited
	The Mac Services Group	Westfield Retail Trust
	AXA Asia Pacific Limited	GPT Group
	AWB Limited	Fosters Group
	Intoll Group	Consolidated Media Holdings
Buybacks:	BHP Billiton	
	Woolworths Limited	

Stock Selection Criteria

- 1 **Income** - Dividend Yields, Franking, Pay Out Ratios.
- 2 **Principal Activity** - Sustainable Business Model, Competitive Advantage.
- 3 **Debt Levels** - Gearing Ratios, Net Interest Coverage.
- 4 **Management and Board** - Ownership, Board Meeting Attendance, History of creating shareholder wealth.
- 5 **Earnings and Valuations** - Earnings Profiles, PE Multiples, EV/EBITDA Multiples.



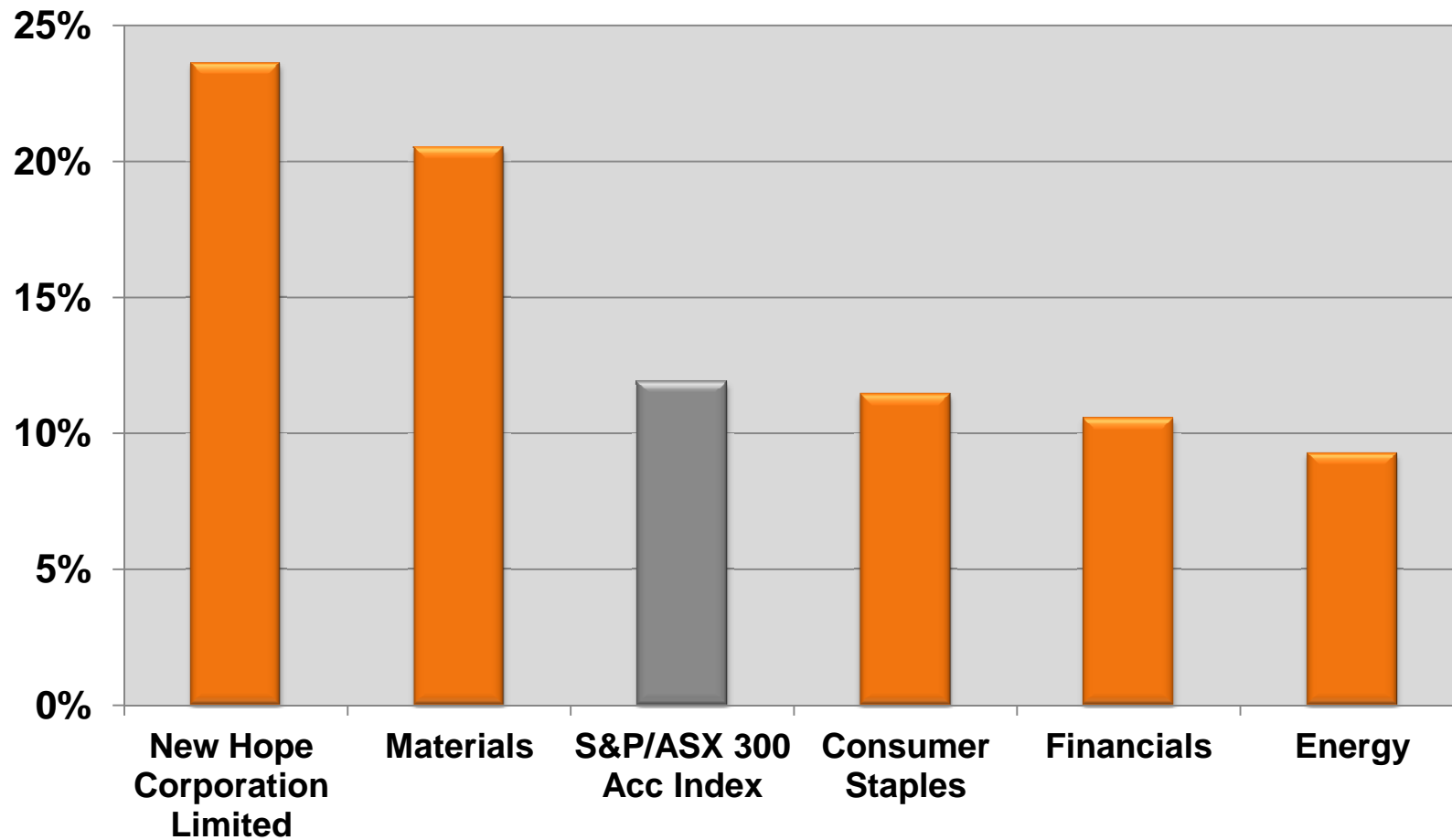
Sector Weightings



- Financials 31.6%
- Energy 15.9%
- Materials 11.9%
- Consumer Staples 10.4%
- Industrials 7.3%
- Cash 6.4%
- Telecommunications 4.6%
- Consumer Discretionary 4.5%
- Utilities 3.5%
- Preference Shares 2.8%
- Healthcare 0.9%
- Property Trusts 0.3%

Sector Performance

12 Months to 30 June 2011
(S&P/ASX300 Accumulation Indexes)



Top 25 Investments

As at 30 June 2011

- | | | | |
|----|---------------------------|----|----------------------------|
| 1 | New Hope Corporation | 14 | Metcash Limited |
| 2 | BHP Billiton Limited | 15 | Coca Cola Amatil Limited |
| 3 | National Australia Bank | 16 | Westpac Banking Corp SPSII |
| 4 | Commonwealth Bank | 17 | TPG Telecom Limited |
| 5 | Westpac Banking Corp | 18 | InvoCare Limited |
| 6 | Wesfarmers Limited | 19 | ASX Limited |
| 7 | Telstra Corporation | 20 | AMP Limited |
| 8 | Woolworths Limited | 21 | ARB Corporation Limited |
| 9 | Campbell Brothers Limited | 22 | Milton Corporation Limited |
| 10 | AGL Energy Limited | 23 | Bendigo and Adelaide Bank |
| 11 | Woodside Petroleum | 24 | Brambles Limited |
| 12 | ANZ Banking Group Limited | 25 | Brickworks Limited |
| 13 | QBE Insurance Group | | |



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Annual General Meeting
FY2012 Review*
July 2011 – October 2011**

* Figures referred to in the “FY2012 Review” are unaudited.

Low Investor Confidence

- High local interest rates
- Uncertainty on the future cost of living
- Pressure on household affordability
- Negativity surrounding weak global economies

Investors Defensive Reaction

- Domestic Reduced exposure to Australian shares
Increased household savings
- International Reduced exposure to Australian shares
High Australian Dollar
Unfavorable federal government policies



Investment Opportunity

- Long term investors need to act upon these opportunities
- Investing for the future
- BKI has been investing through many cycles
- Balance sheets of quality companies appear more robust than ever
- Dividend distributions have continued to improve
- BKI remain cautious of companies exposed to:
 - Retail – Poor consumer activity
 - Media – Low advertising spending
 - Manufacturing – Import pressure from high Australian Dollar



Portfolio Movements

Major Investments	Fleetwood Corporation Wesfarmers Limited Telstra Corporation Commonwealth Bank QUBE Logistics	Tatts Limited Crown Limited Invocare Limited UGL Limited
Major Divestments	Bluescope Steel Limited Echo Entertainment Westpac Pref (WBCPA)	

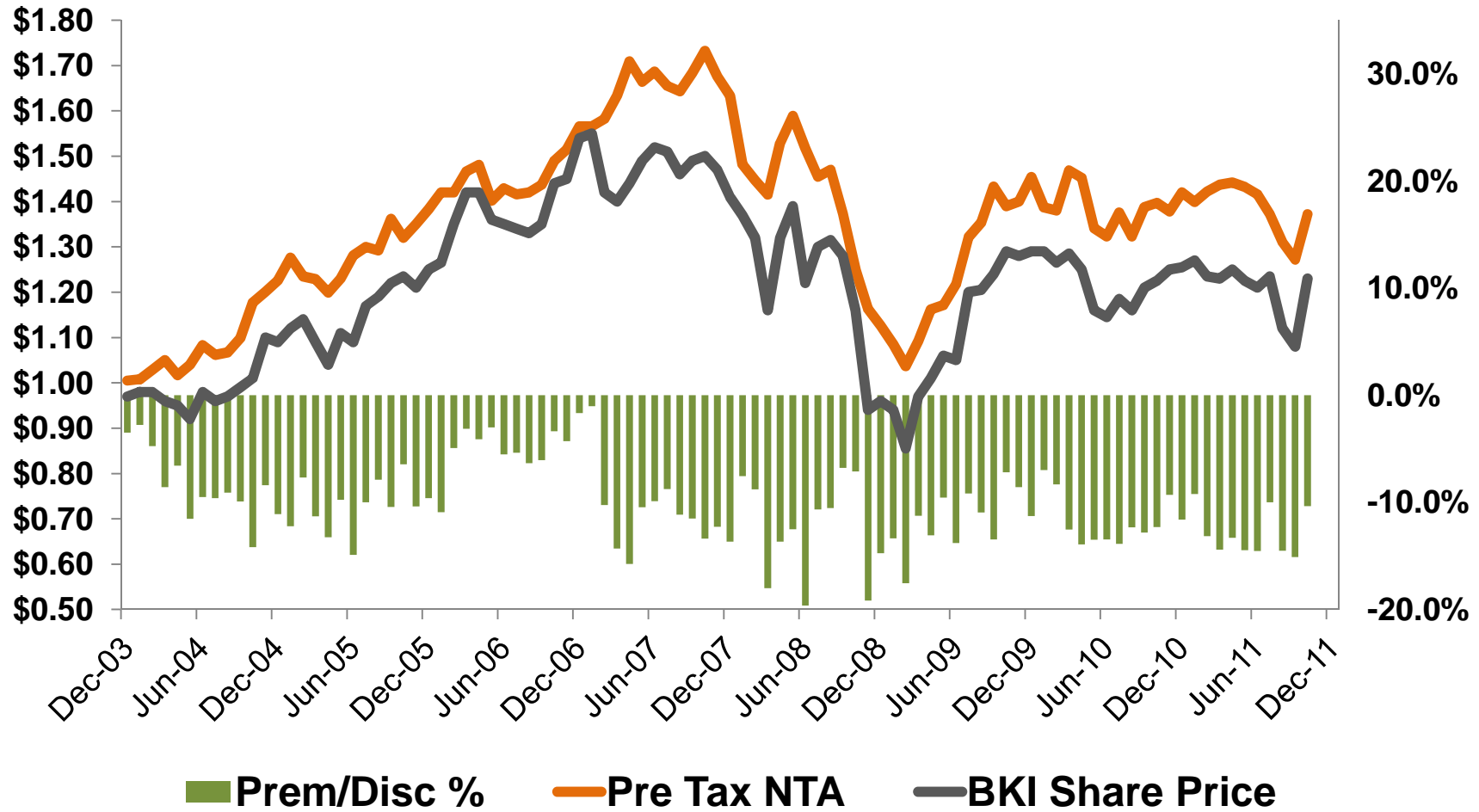


New Hope Corporation

- Solid FY2011 results:
 - Despite flood impacts and rail line closures
 - Net Profits from sale of Arrow Energy were \$329m
 - Record export sales
 - Plans to double production in next 5 - 7 years
 - Final Dividend up 11%
 - 15cps Special Dividend announced
- Has launched a formal bid process after a number of approaches from interested parties
- Total Return since 30 June 2011 is 17.6%
- NHC ranked by market Cap as the 44th largest company in Australia



Discount to NTA



BKI Performance

as at 31 October 2011

BKI Portfolio Returns are measured after all operating expenses, provision and payment of income and capital gains tax.

BKI Performance as at 31 October 2011	6 Mths	1 Year	3 Years (pa)	5 Years (pa)	7 Years (pa)
S&P/ASX 300 ACC INDEX (XKOA1)	-9.0%	-3.9%	7.1%	-0.2%	6.3%
BKI Total Shareholder Returns	1.9%	6.5%	7.9%	2.1%	8.0%
BKI Share Price Outperformance V's XKOA1	10.9%	10.4%	0.8%	2.3%	1.7%
BKI Portfolio Performance	-1.9%	3.4%	8.4%	3.0%	6.8%
BKI Portfolio Outperformance V's XKOA1	7.1%	7.3%	1.3%	3.2%	0.5%

Source: BKI Investment Company Limited, IRESS. Portfolio Returns are measured by change in pre tax NTA and are after all operating expenses, provision and payment of both income and capital gains tax and the reinvestment of dividends. Total Shareholder Returns include reinvestment of dividends. Past performance is not indicative of future performance.



BKI Update

July 2011 – October 2011

BKI announced as the inaugural winner of the “Listed Investment Company of the Year”.

Revenues from the Investment Portfolio (excluding Special Dividend Income) is up approx 7% on the previous corresponding period.

Operating Profits (excluding Special Dividend Income) is up 7% on the previous corresponding period.

BKI is confident of at least maintaining the interim and final ordinary dividends during FY2012.



**BKI INVESTMENT
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Questions

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

Telephone +61 2 9210 7000 **Fax** +61 2 9210 7099

Web www.bkilimited.com.au

ABN 23 106 719 868