

Top 20 Investments

Stock	% of Total Portfolio
1 New Hope Corporation	12.0%
2 BHP Billiton Limited	10.4%
3 National Australia Bank	7.5%
4 Commonwealth Bank	7.4%
5 Westpac Banking Corp	4.7%
6 Wesfarmers Limited	3.9%
7 Woolworths Limited	3.1%
8 Telstra Corporation	2.9%
9 AGL Energy Limited	2.9%
10 Woodside Petroleum Limited	2.7%
11 Campbell Brothers Limited	2.5%
12 ANZ Banking Group	2.3%
13 QBE Insurance Group	2.1%
14 Metcash Limited	1.7%
15 Westpac Pref Shares	1.6%
16 Coca Cola Amatil Limited	1.5%
17 ASX Limited	1.3%
18 Milton Corporation Limited	1.1%
19 InvoCare Limited	1.1%
20 TPG Telecom Limited	1.1%
Cash & cash equivalents	6.9%
% of Total Portfolio Value	80.6%
(Including Cash & cash equivalents)	

BKI Investment Company Limited

Monthly Report

January 2011

Group Profile and Investment Strategy

BKI's investment portfolio has been built on a philosophy of long term investment with a focus on Australian equities. BKI primarily seeks to invest in well-managed businesses with a profitable history and with the expectation of sound dividend and distribution growth. An investment in BKI gives shareholders access to a diversified portfolio across most sectors of the market.

Net Tangible Asset Backing

The Directors advise that the consolidated unaudited pre tax net asset backing of the company's shares at 31 January 2011 was **\$1.40** per share.

The company is a long-term equity investor and does not intend to dispose of its total portfolio. If estimated tax at 30% on unrealised portfolio gains were to be recognised, net asset backing post tax would be **\$1.32** per share.

All calculations are after providing for the interim ordinary dividend of 3.0cps. BKI will trade on cum dividend basis until the record date of 21 February 2011. The payment date has been scheduled for 7 March 2011.

Dividends

The company aims to generate an increasing income stream for distribution to its shareholders in the form of fully franked dividends, to the extent of its 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.

BKI's historical dividend yield as at 31 January 2011 was 4.9% (fully franked). BKI's historical grossed up yield as at 31 January 2011 was 7.0%. BKI's Dividend Reinvestment Plan has been maintained offering shareholders the opportunity to acquire further ordinary shares in BKI.

Management Expense Ratio (MER)

BKI's MER as at 31 December 2010 was 0.18%. BKI does not charge shareholders external management fees or a performance fee.

Board and Management

Directors: Robert Millner (Chairman), Alex Payne, David Hall and Ian Huntley.

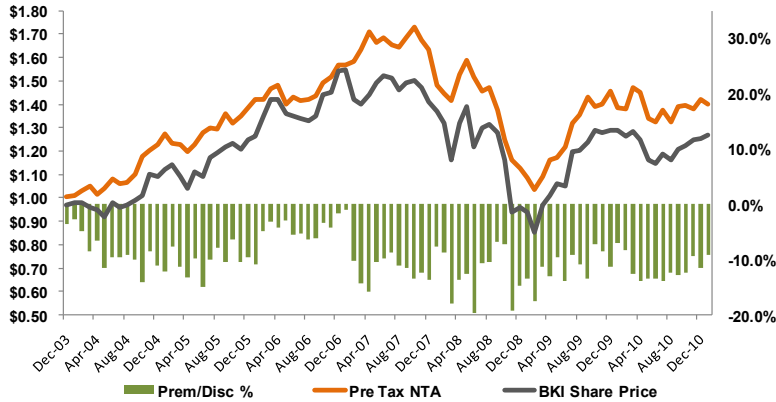
Management: Tom Millner (CEO) and Richard Pillinger (Company Secretary).

Company Overview

Mandate	Australian Listed Equities
Benchmark	S&P/ASX 300 Acc Index
Investment Manager	BKI Investment Company
Market Capitalisation	\$535m
Portfolio Valuation	\$560m
Cash & cash equivalents	\$42m
Debt	nil
MER*	0.18%
Performance Fee	0%
Rolling 12 Month Dividend**	6.25 cps
Historical Dividend Yield***	4.9%
Percentage Franked	100%
Grossed up Yield***	7.0%
DRP	Active (0% discount)
Pre Tax NTA (ex dividend basis)	\$1.40
Post Tax NTA (ex dividend basis)	\$1.32
Share Price	\$1.27

Discount to Pre Tax NTA

BKI Investment Company Limited's share price (BKI.ASX) is currently trading at a 9% discount to the Pre Tax NTA and a 4% discount to the Post Tax NTA. BKI represents a good opportunity for investors to acquire assets at a discount to the Pre Tax NTA.



Benefits of Investing in BKI Investment Company Limited

Dividends - Strong dividend payout ability with abundant franking credits.

Diversification - Access to a high quality diversified investment portfolio through BKI shares listed on the ASX (BKI.ASX).

Management - Experienced Board and conservative investment team delivering sound returns with low investment risk.

Low Costs - Competitive MER of 0.18%*. No external portfolio management fees or performance fees.

Value - Opportunity for investment at a discount to the Pre Tax NTA. Ideal for long term passive shareholders and SMSF's.

Performance

As at 31 January 2011

	6 Mths	1 Year	3 Years	5 Years	7 Years
			(pa)	(pa)	(pa)
S&P/ASX 300 ACC INDEX (XKOA1)	8.6%	8.7%	-1.2%	3.7%	10.1%
BKI Total Shareholder Returns	12.8%	6.1%	3.5%	5.6%	8.7%
BKI Share Price Outperformance V's XKOA1	4.2%	-2.6%	4.7%	1.9%	-1.4%
BKI Portfolio Performance	6.4%	7.9%	3.4%	4.6%	9.3%
BKI Portfolio Outperformance V's XKOA1	-2.2%	-0.8%	4.6%	0.9%	-0.8%

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.

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*MER as at 31 December 2010; **Includes FY10 Final Special Dividend of 0.5cps; *** Based on share price as at 31 January 2011;