

Top 20 Investments

Stock	% of Total Portfolio
1 New Hope Corporation	14.3%
2 BHP Billiton Limited	8.9%
3 Commonwealth Bank	7.9%
4 National Australia Bank	7.9%
5 Westpac Banking Corp	5.3%
6 Telstra Corporation	4.2%
7 Wesfarmers Limited	3.8%
8 Campbell Brothers Limited	3.4%
9 Woolworths Limited	3.1%
10 AGL Energy Limited	2.9%
11 ANZ Banking Group	2.5%
12 Woodside Petroleum Limited	2.3%
13 Metcash Limited	1.9%
14 Coca Cola Amatil Limited	1.7%
15 Westpac Pref Shares	1.6%
16 QBE Insurance Group	1.5%
17 Invocare Limited	1.2%
18 ARB Corporation	1.2%
19 ASX Limited	1.1%
20 TPG Telecom Limited	1.1%
Cash & cash equivalents	5.7%
% of Total Portfolio Value	83.5%
(Including Cash & cash equivalents)	

BKI Investment Company Limited Monthly Report

January 2012

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 2012 was **\$1.36** 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 **\$1.30** per share.

All NTA calculations are before providing for the Interim Ordinary Dividend of 3.2cps. The Ex-Dividend date is 24 February 2012 with the record date 1 March 2012. The payment date has been scheduled for 12 March 2012.

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 fully franked dividend yield as at 31 January 2012 was 6.0% (based on the rolling 12 Month Dividend**). BKI's historical grossed up yield as at 31 January 2012 was 8.5%. 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 2011 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 Jaime Pinto (Company Secretary).



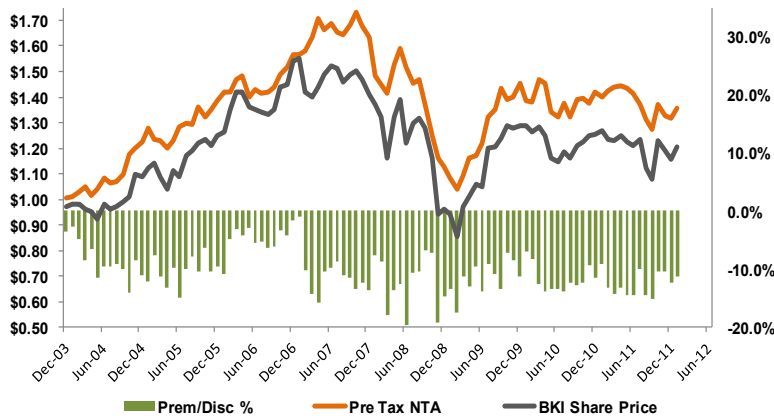
**BKI Investment Company Limited
Winner 2011
Listed Investment Company Award**

Company Overview

Mandate	Australian Listed Equities
Benchmark	S&P/ASX 300 Acc Index
Market Capitalisation	\$513m
Investment Portfolio	\$545m
Cash & Cash Equivalents	\$33m
Total Portfolio Including Cash	\$578m
Debt	\$0
MER*	0.18%
Performance Fee	0%
Rolling 12 Month Dividend**	7.2cps
Historical Dividend Yield***	6.0%
Percentage Franked	100%
Grossed up Yield***	8.5%
DRP	Active
Pre Tax NTA	\$1.36
Post Tax NTA	\$1.30
Share Price	\$1.205

Discount to Pre Tax NTA

BKI Investment Company Limited's share price (BKI.ASX) is currently trading at an 11% discount to the Pre Tax NTA and an 8% 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.

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

BKI Performance

as at 31 January 2012

	6 Mths	1 Year	3 Years	5 Years	7 Years
			(pa)	(pa)	(pa)
S&P/ASX 300 ACC INDEX (XKOAI)	-1.4%	-6.5%	11.3%	-1.8%	4.9%
BKI Total Shareholder Returns	1.1%	-1.7%	14.9%	0.2%	6.1%
BKI Share Price Outperformance V's XKOAI	2.5%	4.8%	3.6%	2.0%	1.2%
BKI Portfolio Performance	2.0%	0.03%	13.2%	1.8%	5.4%
BKI Portfolio Outperformance V's XKOAI	3.4%	6.5%	1.9%	3.6%	0.5%

Source: BKI Investment Company Limited, IRESS. Portfolio Performance is measured by change in pre tax NTA and is 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.

The material contained within the BKI Investment Company Limited Monthly Report (The Report) has been prepared by BKI Investment Company Limited. Figures referred to in The Report are unaudited. The Report is not intended to provide advice to investors or take into account an individual's financial circumstances or investment objectives. This is general investment advice only and does not constitute advice to any person. The opinions within The Report are not intended to represent recommendations to investors, they are the view of BKI Investment Company Limited as of this date and are accordingly subject to change. Information related to any company or security is for information purposes only and should not be interpreted as a solicitation of offer to buy or sell any security. The information on which The Report is based has been obtained from sources we believe to be reliable, but we do not guarantee its accuracy or completeness. Investors should consult their financial adviser in relation to any material within this document.

*MER as at 31 December 2011; **Includes FY2011 Final Ordinary Dividend 3.0cps, FY2011 Final Special Dividend of 1.0cps, 1H2012 Interim Ordinary Dividend of 3.2cps

*** Based on share price as at 31 January 2012;