Top 25 Investments

Stock	% of Total Portfolio
1 Commonwealth Bank	10.3%
2 National Australia Bank	9.8%
3 New Hope Corporation	8.8%
4 Westpac Banking Corp	7.6%
5 BHP Billiton Limited	6.9%
6 Telstra Corporation	5.6%
7 Wesfarmers Limited	4.8%
8 Woolworths Limited	3.8%
9 ANZ Banking Group	3.8%
10 AGL Energy Limited	2.7%
11 ALS Limited	2.6%
12 Woodside Petroleum Limited	2.3%
13 TPG Telecom Limited	2.2%
14 InvoCare Limited	1.5%
15 ARB Corporation	1.5%
16 Coca Cola Amatil Limited	1.4%
17 Metcash Limited	1.4%
18 APA Group	1.3%
19 Insurance Australia Group	1.2%
20 Bendigo and Adelaide Bank	1.2%
21 Milton Corporation	1.1%
22 QBE Insurance Group	1.1%
23 ASX Limited	1.1%
24 Ramsay Healthcare	1.0%
25 Brambles Limited	1.0%
Cash & cash equivalents	2.8%
% of Total Portfolio Value	88.7%

(Including Cash & cash equivalents)

BKI Investment Company Limited
Winner 2011
Listed Investment Company Award

BKI INVESTMENT COMPANY LIMITED

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

BKI Investment Company Limited
Monthly Report

August 2013

Objective
Our aim is to create wealth for BKI shareholders, through an increasing fully franked dividend and capital growth.

Investment Strategy
BKI is a research driven, active equities manager investing for the long term in profitable, high yielding, well managed companies. An investment in BKI gives shareholders access to a diversified equity portfolio across most sectors of the market. BKI is managed for the benefit of shareholders, not charging external portfolio management fees or performance fees.

Net Tangible Asset Backing
The consolidated unaudited pre tax net asset backing at 31 August 2013 was **$1.59** 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 **$1.46** per share.

All calculations are after providing for the Final Ordinary Dividend of 3.4cps. The record date was 19 August 2013, whilst the payment date was 29 August 2013.

Dividends
BKI aims to generate an increasing income stream 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. All historical dividends paid have been fully franked.

BKI's historical fully franked dividend yield as at 31 August 2013 was 4.6% (based on the rolling 12 Month Dividend** and share price of $1.54). BKI's historical grossed up yield as at 31 August 2013 was 6.6% (based on a tax rate of 30%). BKI's Dividend Reinvestment Plan has been maintained.

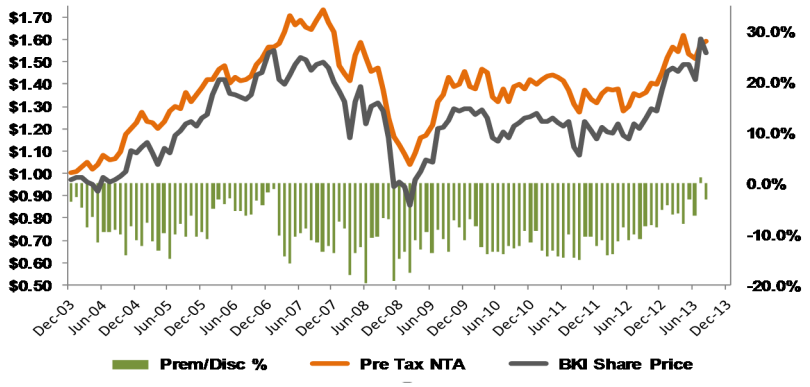
Management Expense Ratio (MER)
BKI's MER as at 30 June 2013 was 0.19%. BKI does not charge shareholders external management fees or a performance fee.

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

Management: Tom Millner (CEO) and Jaime Pinto (Company Secretary).

Discount to NTA

BKI Investment Company Limited's share price (BKI.ASX) is currently trading at a 3% discount to the Pre Tax NTA and 5% premium to the Post Tax NTA.



Benefits of Investing in BKI Investment Company Limited

Performance - Delivering sound long term returns to shareholders.

High Value / Low Cost - Opportunity to invest in an active, high conviction, closed end portfolio with a MER of only 0.19%. BKI does not charge external portfolio management fees or a performance fee.

Dividends - Predictable fully franked income stream.

Franking Credits - 30% tax rate already paid on dividend income, tax credits passed on directly to shareholders.

Diversification – Exposure to most sectors of the market through well managed, dividend paying companies.

Simplicity – An investment in BKI.ASX provides administration simplicity.

Structure – BKI is a Company with a closed end investment structure.

Listed on the ASX - High levels of Transparency and Compliance, ASX Listing Rules, Continuous Disclosure requirements.

Company Overview

Mandate	Australian Listed Equities
Benchmark	S&P/ASX 300 Acc Index
Market Capitalisation	$690m
Investment Portfolio	$694m
Cash & Cash Equivalents	$20m
Total Portfolio Including Cash	$714m
Debt	$0
MER*	0.19%
Performance Fee	N/A
Rolling 12 Month Dividend**	7.15cps
Historical Dividend Yield***	4.6%
Percentage Franked	100%
Grossed up Yield***	6.6%
DRP	Active
Pre Tax NTA	$1.59
Post Tax NTA	$1.46
Share Price	$1.54

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

BKI Performance as at 31 August 2013	1 Year	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	9 Yrs (pa)
S&P/ASX 300 ACC INDEX (XKOAI)	23.6%	9.8%	4.5%	4.4%	8.7%
BKI Total Shareholder Returns	**34.5%**	**15.9%**	**8.9%**	**7.5%**	**10.6%**
BKI Share Price Outperformance V's XKOAI	**10.9%**	**6.1%**	**4.4%**	**3.1%**	**1.9%**
BKI Portfolio Performance	**23.5%**	**11.5%**	**6.6%**	**6.4%**	**9.2%**
BKI Portfolio Outperformance V's XKOAI	**-0.1%**	**1.7%**	**2.1%**	**2.0%**	**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 generally 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 30 June 2013; **Includes FY2013 Final Ordinary Dividend of 3.40cps, FY2013 Interim Ordinary Dividend of 3.25cps and FY2013 Interim Special Dividend of 0.50cps *** Based on share price as at 31 August 2013. Grossed up yield based on a tax rate of 30%.