

## Huntley Investment Company

The Huntley Investment Company acquisition was completed under compulsory acquisition on the 23rd January 2009. Managing Director of Huntley Investment Company, Mr Ian Huntley has since accepted positions on the BKI Board and Investment Committee. Ian brings a wealth of knowledge and experience to BKI.

## Management Expense Ratio

Operating Expenses were \$1.4m as at 30 June 2009, a reduction of 29% on the corresponding period. BKI's Management Expense Ratio (MER) has decreased from 0.46% to 0.31% over the financial year.

The Management and Board of BKI are focussed on keeping a tight control over administration and management costs. This cost focus has had a positive impact on reducing the MER since listing. Chart 3 below shows MER declining over this period.

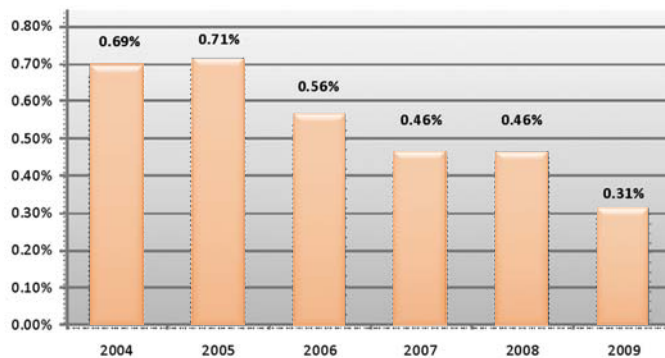


CHART 3

It is important to note that the latest MER figure also contains 5 months of fees from the previous external management arrangement. Based on the present level of net tangible assets, BKI is confident that the MER at financial year end 2010 should further reduce to 0.20% - 0.25%.

## Outlook

Despite some negativity surrounding company earnings and reduced dividend income expected in the forthcoming reporting season, there continues to be opportunities for the long term investor. There are many well managed, profitable businesses with strong balance sheets and attractive dividend yields within the Australian market.

As at 30 June 2009 BKI held \$38.7m in cash and dividends receivable, representing some 8.0% of the total assets. The strong cash position places the company well and we will continue to take advantage of investment opportunities when they arise.

BKI is expecting a substantial fully franked special dividend payment from New Hope Corporation Limited (to be paid in conjunction with the Final 2009 Year dividend in November 2009). This additional income places BKI in a very strong position for the upcoming financial year.

## Contact Details

Shareholders can direct all enquiries to Mr Tom Millner (CEO) or Mr Richard Pillinger (Company Secretary).

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[www.brickworksinvestments.com.au](http://www.brickworksinvestments.com.au)



ABN 23 106 719 868

# Annual Review 2009

## Annual Financial Summary

	2009 \$000	2008 \$000	Change
TOTAL REVENUE	24,474	22,013	11.2%
OPERATING PROFIT*	21,753	19,115	13.8%
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	22,112	22,576	-2.1%
TOTAL PORTFOLIO VALUE	478,275	437,646	9.3%
	Cents	Cents	Change
BASIC EARNINGS PER SHARE**	6.34	8.01	-20.8%
DIVIDENDS PER SHARE - FULL YEAR	6.00	6.00	0.0%
	%	%	Change
MANAGEMENT EXPENSE RATIO	0.31%	0.46%	-32.6%

\* before tax but before special dividend income, realised and unrealised losses on investment portfolio and discount on acquisition

\*\* on increased share capital post the acquisition of Huntley Investment Company Limited



## Performance Highlights for FY09

- Income from operating activities before special investment revenue and net gains / (losses) on investment portfolio increased 10% to \$23.2m.
- Operating Expenses were reduced by 29% to \$1.4m.
- Net operating profit before special investment revenue and net gains / (losses) on investment portfolio increased 13% to \$20.7m.
- Special Investment Revenue increased 45% to \$1.3m.
- Net Profit After Tax declined 2% to \$22.1m.
- The Final Dividend has been maintained at 3 cents per share, taking the full year dividend to 6 cents per share on the increased share capital post the acquisition of Huntley Investment Company Limited.

## Performance

BKI's Net Portfolio Return (after all operating expenses, payment of both income and capital gains tax and the reinvestment of dividends) for the 12 months to 30 June 2009 was negative 15.7% compared to the S&P/ASX 300 Accumulation Index which declined by 20.3%. Chart 1 below shows Net Portfolio Returns on a per annum basis benchmarked to the S&P/ASX 300 Accumulation Index.

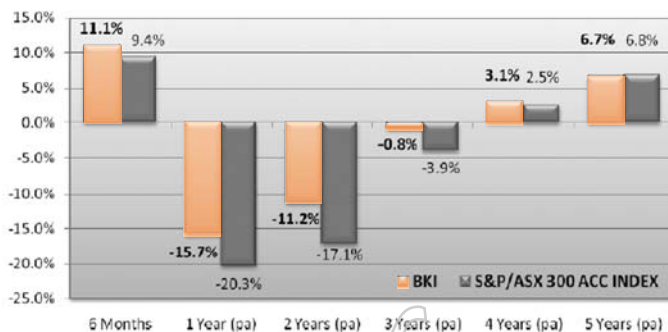


CHART 1

BKI's Share Price Performance (including the reinvestment of dividends) for the 12 months to 30 June 2009 was negative 8.9%. This compares favourably to the S&P/ASX 300 Accumulation Index which returned negative 20.3% over the same period, an out performance of 11.4%. Chart 2 below shows Share Price Performance on a per annum basis benchmarked to the S&P/ASX 300 Accumulation Index.

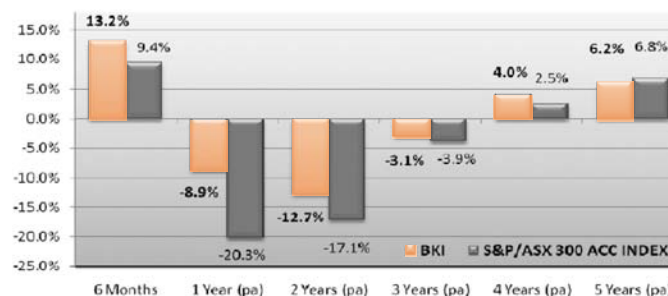


CHART 2

## Investment Portfolio

BKI continues to focus on investing for the long term with major investments over the 12 months to 30 June 2009 including BHP Billiton, Telstra Corporation, Coca-Cola Amatil, Metcash Limited, Westpac Banking Corporation SPSII, United Group, ARB Corporation and Woolworths Limited.

BKI also participated in numerous capital raisings through Entitlement Offers, Placements and Share Purchase Plans with major investments including Commonwealth Bank, Wesfarmers Limited, Alumina Limited, Bluescope Limited, OneSteel Limited, GPT Group and Seek Limited.

In accordance with BKI's investment strategy, there is an expectation from companies in which we invest that they continue to pay dividends over the long term.

Major divestments from the BKI Investment Portfolio as a result of significantly reduced dividend payments include Babcock & Brown Infrastructure Group, BBI EPS

Limited, Alesco Corporation, Watty Limited, Vision Group Holdings, Specialty Fashion Group, Bravura Solutions and CBD Energy.

St George Bank Limited was also divested following the successful takeover by Westpac Banking Corporation.

## BKI Top 20

Company	Portfolio Weight
1 New Hope Corporation Limited	14.07%
2 BHP Billiton Limited	9.87%
3 National Australia Bank Limited	8.28%
4 Commonwealth Bank	6.67%
5 Westpac Banking Corporation	4.79%
6 Telstra Corporation Limited	3.69%
7 Woolworths Limited	3.36%
8 Woodside Petroleum Limited	3.25%
9 Wesfarmers Limited	2.99%
10 AGL Energy Limited	2.96%
11 QBE Insurance Group Limited	2.47%
12 Westpac Banking Corporation SPSII	1.97%
13 Campbell Brothers Limited	1.36%
14 Metcash Limited	1.34%
15 Australian Securities Exchange Limited	1.34%
16 Macquarie Group Limited	1.32%
17 Brickworks Limited	1.23%
18 Brambles Limited	1.12%
19 ANZ Banking Group Limited	1.11%
20 Coca Cola Amatil Limited	1.11%