



27 August 2018

Djerriwarrh Investments Limited
ABN 38 006 862 693
Level 21, 101 Collins St
Melbourne VIC 3000
T 03 9650 9911
F 03 9650 9100
invest@djerrri.com.au
djerrri.com.au

The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

**Djerriwarrh Investments Limited
Statutory Annual Report, Annual Shareholder Review,
Notice of Meeting and Proxy Form**

Dear Sir / Madam

Please find attached the 2018 Statutory Annual Report, Annual Shareholder Review, Notice of Meeting and Proxy Form being sent to shareholders.

Yours faithfully

Matthew Rowe
Company Secretary



Annual
Report
2018



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Djerriwarrh Investments Limited is a listed investment company (LIC) investing in a diversified portfolio of Australian and New Zealand equities. For stocks where there is an options market, the Company often uses exchange traded and over-the-counter options to enhance the income return to investors.

Year in Summary

Profit for the Year

\$31.4m

Down 6.6% from 2017

Total Shareholder Return

-2.8%

Share price plus dividend

Net Operating Result

\$36.0m

Up 6.4% from 2017

Management Expense Ratio

0.44%

0.46% in 2017

Fully Franked Dividend

10¢ 20¢

Final

Total

Same as 2017

Total Portfolio

\$760.5m

Including cash at 30 June

\$752.3 million in 2017

Total Portfolio Return

11.7% Including
franking*

S&P/ASX 200 Accumulation Index
+14.6% including franking*

* Assumes a shareholder can take full advantage of the franking credits.

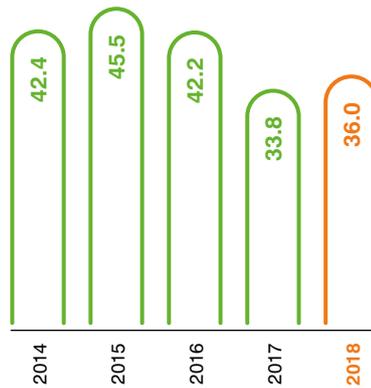
DIRECTORS' REPORT

5 Year Summary

Net Profit After Tax (\$ Million)



Net Operating Result After Tax (\$ Million)



Investments at Market Value (\$ Million)^(a)



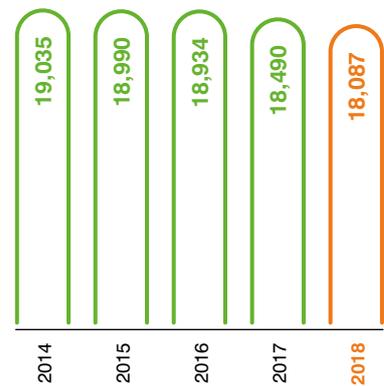
Dividends Per Share (Cents)^(b)



Net Asset Backing Per Share (Cents)^(c)



Number of Shareholders (30 June)



Notes

(a) Excludes cash.

(b) All dividends were fully franked. For 2018 the dividend carried attributable LIC gain of 14.28 cents per share. For 2017 it was 7.14 cents per share, for 2016 it was also 7.14 cents per share, for 2015 and 2014 it was 10.0 cents per share.

(c) Net asset backing per share based on year-end data before the provision for the final dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non-current investments had been sold at balance date as Directors do not intend to dispose of the portfolio.

About the Company

Djerriwarrh Investments Limited is a listed investment company (LIC) investing in a diversified portfolio of Australian and New Zealand equities.

For stocks where there is an options market, the Company often uses exchange traded and over-the-counter options to enhance the income return to investors.

In undertaking this option activity the Company is likely to change the profile of returns experienced from the market by producing more immediate fully franked income at the expense of some potential capital growth in the future.

Investment Aims

Djerriwarrh aims to provide shareholders with attractive investment returns through access to fully franked dividends and growth in capital invested.

In this regard the primary investment goals are:

- to pay a higher level of fully franked dividend than is available from the market in general; and
- to provide attractive total return including capital growth over the medium to long term.

Approach to Investing

The investment philosophy is built on taking a medium to long-term view on holding positions in the portfolio with an emphasis on identifying quality companies that are likely to sustainably grow their earnings and dividends over this timeframe.

Quality in this context is an outcome of our assessment of the board and management as well as some key financial metrics such as the level of gearing in the balance sheet, product margins and free cash flow. The structure of the industry and a company's competitive position in this industry are also an important indicator of quality.

Linked to this assessment of quality is the ability of companies to grow earnings over time, which ultimately should produce good dividend growth.

The view of value of a company is not just based on short term measures of the price earnings ratio and other valuation metrics; rather, value is assessed against Djerriwarrh's long-term investment horizon.

The final component of the Company's ability to pay a higher yield is its approach to selling options over part of its investment and trading portfolios. This generates current income from the option premium Djerriwarrh receives for selling the options.

The amount that the Company receives from selling options depends on a number of factors:

- level of volatility in share price anticipated for the underlying stock;
- level of the option exercise price and particularly how far it is from the current share price;
- time to expiry, i.e. how far the option has to run;
- level of interest rates: the lower interest rates are, other things being equal, the lower the option premium received; and
- the percentage of the portfolio over which we are prepared to sell options.

It is our preference for the options to either lapse at expiry, or prior to exercise, to seek to buy the options back and sell new options further out and preferably at a higher exercise price. From time to time, where the share price increases strongly, we do take decisions to allow the shares to be exercised when we have formed the view that it is in the shareholders' best interest to allow that to occur. Gains or losses on disposals of investments upon the exercise of such options, after applicable tax, are taken to the realised capital gains reserve. Any gains when taxed are available for distribution to shareholders. It should be noted option positions are monitored daily and the portfolio is managed to try and maintain an appropriate balance between capital growth and income generation.

In undertaking this option activity in strongly rising markets, shareholders are potentially giving up some of the possible capital growth that may occur in company share prices as a result of receiving higher income more immediately. Alternatively, in falling markets, income from options can offset some of the loss from declining share prices.

Djerriwarrh also has access to lines of credit which allows the Company to gear its Balance Sheet when appropriate investment returns are available to enhance shareholder returns. When it is appropriate, exposure to rising interest rates is also capped.

How Djerriwarrh Invests – What We Look For in Companies



Review of Operations and Activities

Profit

Profit for the year was \$31.4 million, down 6.6 per cent from \$33.7 million in the corresponding period last year. The major reason for the decline was an increase in unrealised losses from call option positions (these losses can arise when prices on the underlying stocks increase in value, but often reduce as options approach expiry). There was also a reduction in contribution of the trading portfolio compared with the prior corresponding period, as the gains made last year were not repeated this year. In contrast, there was an increase in dividends received, following adjustments to the portfolio, as well as a large uplift in income from material and energy companies.

Increased volatility during various stages of the second half, as well as the maintenance of option coverage towards the higher end of the normal range, also saw an improvement in option income. This was despite a number of call option positions being bought back and moved into the new financial year at higher exercise prices to capture more of the potential capital upside of these holdings. This had the effect of shifting some option premium income into the new financial year. In this context, the uplift in option income was very satisfactory.

The net operating result for the year was \$36.0 million, up 6.4 per cent from \$33.8 million in the prior corresponding period. In the opinion of the Directors, this is a better measure of Djerriwarrh's performance in deriving ongoing investment, trading and options income from the Company's portfolios as it excludes the valuation impact of net unrealised losses on open option positions at year-end.

Dividend

Djerriwarrh's final dividend has been maintained at 10 cents per share fully franked, bringing total dividends for the year to 20 cents per share, in line with last year.

Five cents of the final dividend are sourced from taxable capital gains, on which the Company has paid or will pay tax. The amount of the pre-tax attributable gain on this portion of the dividend, known as an 'LIC capital gain', is therefore 7.14 cents. The interim dividend also carried a LIC capital gain of 7.14 cents. This enables some shareholders to claim a tax deduction in their tax return.

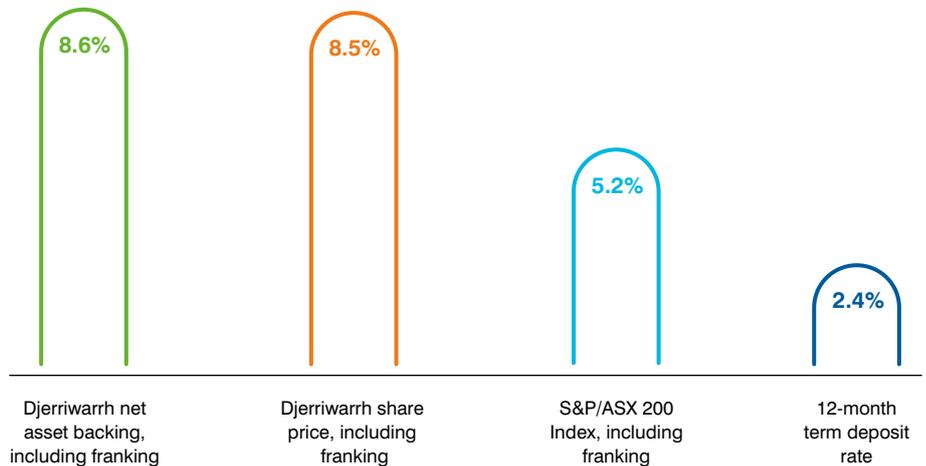
Figure 1 outlines the relative dividend yield on the Company's net asset backing and shares (both fully franked), compared with the S&P/ASX 200 Index (80 per cent franked) and the return currently available for a retail term deposit with the major banks. The yield on net asset backing is important as it highlights the dividend achieved through the underlying investment activity of the Company, including the relative income benefit of the option strategies.

Figure 2 illustrates that the Company's annual dividends are sourced from the operating result and from taxable realised

gains generated from the sale of holdings primarily associated with the Company's option activity. These taxable realised gains also contribute to the generation of franking credits.

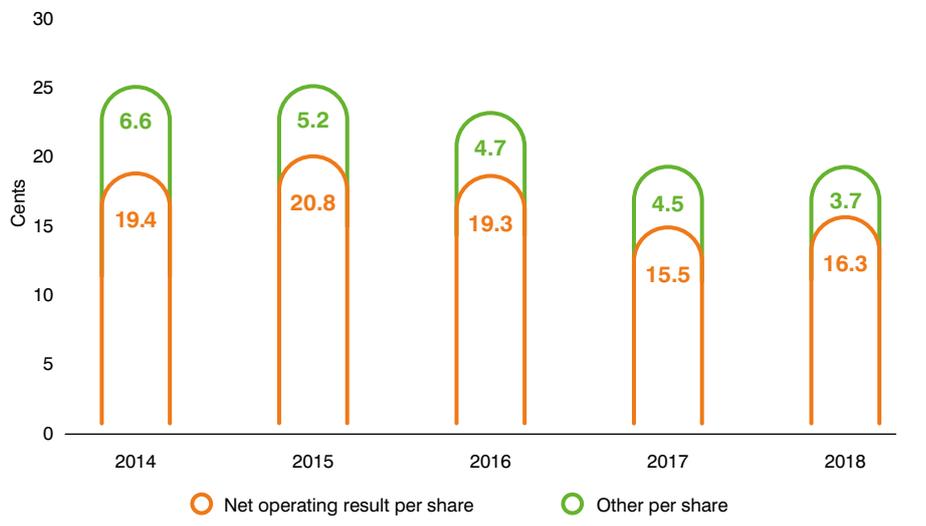
The chart highlights the trend over recent years where income from dividends received has fallen, although it was pleasing to see a slight reversal of this trend over the financial year. Nevertheless, realised gains remain an important contributor to the dividend.

Figure 1: Relative Yield of an Investment in Djerriwarrh at 30 June 2018



Note: Djerriwarrh yield based on 20 cent full year dividend. Assumes an investor can take full advantage of the franking credits. S&P/ASX 200 Index 80 per cent franked.

Figure 2: Sources of the Dividend Paid





Australian Equity
Market Return

13%



“

Djerriwarrh's final dividend has been maintained at 10 cents per share fully franked, bringing total dividends for the year to 20 cents per share, in line with last year.

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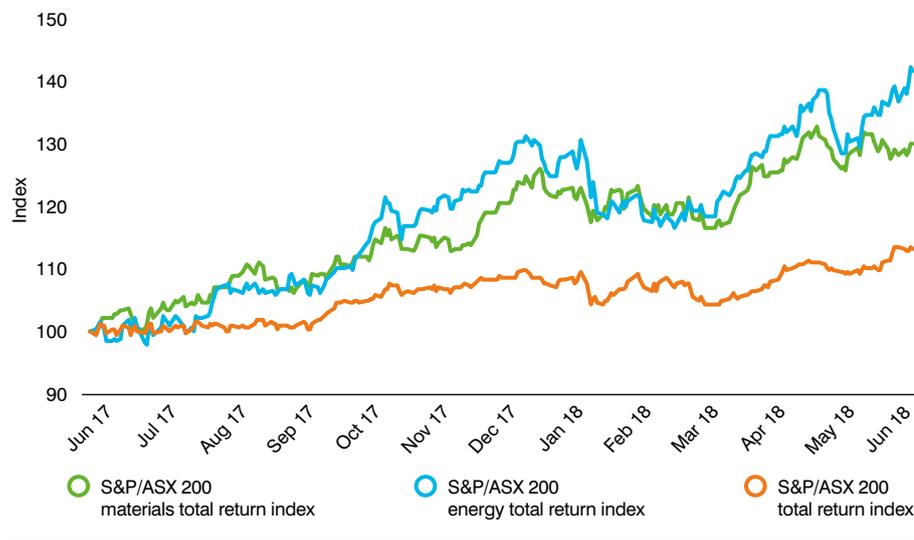
Review of Operations and Activities continued

Portfolio Returns

The Australian equity market produced a positive return of 13 per cent over the year to 30 June 2018, driven largely by the resources sector, which was up 41 per cent over the period as material and energy stocks performed strongly on the back of relatively robust global growth as well as a tightening in supply across key commodities (Figure 3). In addition, there were strong performances from CSL and Macquarie Group, which benefited from their unique exposure to global markets.

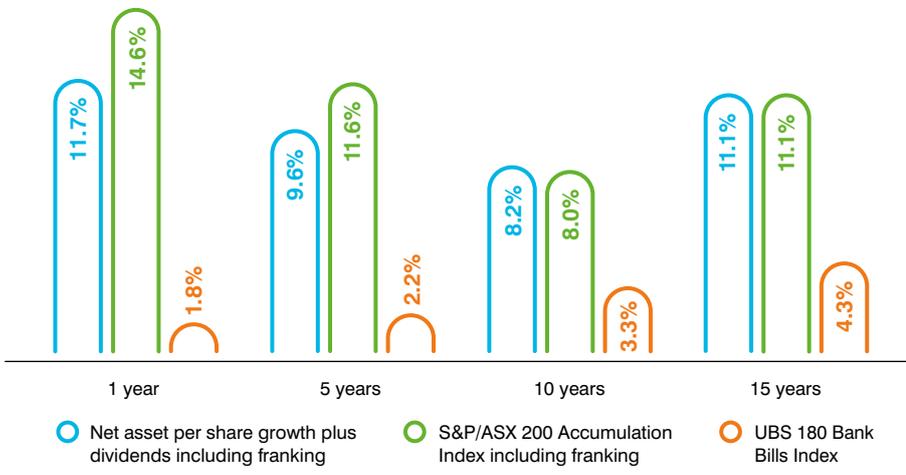
In contrast, other key sectors that have produced a large proportion of market dividends, struggled to achieve growth. In particular, returns were hindered by the performance of Telstra, as it deals with the commercial impacts of the NBN and the competitive environment in mobile, and the banking sector, which is facing more subdued operating conditions as well as the implications arising from the Royal Commission.

Figure 3: Performance of S&P/ASX 200 Relative to the Energy and Materials Sectors



Source: FactSet

Figure 4: Portfolio Performance to 30 June 2018 – Per Annum Returns*, Including the Benefit of Franking Credits



* Assumes an investor can take full advantage of the franking credits. Past performance is not indicative of future performance.

Note: Djerriwarrh's net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax paid on realised sales of investments. It should be noted that Index returns for the S&P/ASX 200 do not include management expenses and tax.

Djerriwarrh's portfolio return (Figure 4) including franking for the 12 months to 30 June 2018 was 11.7 per cent, whereas the return from cash, as measured by the Bank Bill Index, was 1.8 per cent and the S&P/ASX 200 Accumulation Index return including franking was 14.6 per cent (franking added 2.9 per cent to Djerriwarrh's return and 1.6 per cent to the Index).

Djerriwarrh typically has call options written over 30 per cent to 50 per cent of the portfolio (average coverage for the year was 43 per cent, and was 39 per cent at the end of June following the exercise of some call options – Figure 5). In a relatively strong market, the portfolio return normally would be below the S&P/ASX 200 Accumulation Index as call option positions can limit the amount of capital growth into the market strength, particularly as it becomes uneconomic to buy-back in-the-money positions.

In addition, a large part of the return in the resources sector came from the small and mid cap resources, which were up 49.0 per cent and 42.3 per cent respectively. These segments of the market are not typically within Djerriwarrh's investment universe given the absence of fully franked dividends and an options market.

The more significant contributors to Djerriwarrh's portfolio performance over the year were BHP, CSL, Macquarie Group, Wesfarmers and Rio Tinto.

Portfolio Adjustments

There were several factors influencing activity in the portfolio over the year. A number of large companies are facing growth headwinds, which means a more subdued outlook for their dividends. In this context, Djerriwarrh repositioned the portfolio by adding to holdings with a better outlook for dividend growth whilst reducing some positions where growth is more challenged. Purchases included Macquarie Group and Sydney Airport, whilst sales arose across several holdings, including Telstra, QBE Insurance and Healthscope, and the complete disposal of Incitec Pivot. In addition, in the rising market where a number of holdings with option positions rose strongly, purchases were made in advance of the likely exercise of these call options. This included companies such as BHP, CSL, Macquarie Group and Woolworths.

Several new companies were added to the portfolio during the year, including Janus Henderson Group, Atlas Arteria, Reliance Worldwide and Ansell:

- Janus Henderson Group is a global asset management group headquartered in the United Kingdom. It offers a range of financial products to individuals, intermediary advisers and institutional investors globally under the trade name Janus Henderson Investors. The group's holding company, Janus Henderson Group PLC, is dual-listed on the New York Stock Exchange and the Australian Securities Exchange.
- Atlas Arteria changed its name from Macquarie Atlas Roads after an agreement with the Macquarie Group to bring management in-house. The company is one of the world's largest developers and operators of private toll roads with assets in France, Germany and the United States.
- Reliance Worldwide is the world's largest manufacturer of push to connect brass plumbing fittings and specialist water control valves. It operates across a number of markets, including Australia and the United States. The company recently acquired John Guest Holdings which is headquartered in the United Kingdom and is a global leader in plastic push to connect fittings with products distributed worldwide. The acquisition of John Guest is aligned with Reliance's strategy to add complementary products and expand its market presence, particularly in Europe.
- Ansell is a healthcare safety and protection solutions company, which designs, develops, manufactures and markets a wide range of surgical, examination, industrial and household gloves and protective clothing globally.

Purchases for the year totalled \$194.7 million and sales equalled \$203.6 million.

Djerriwarrh utilises debt to take advantage of returns from the investment opportunities on offer. At 30 June 2018, the Company had \$109.5 million of debt with a cash or near cash position of \$81.1 million.

Share Price

The Djerriwarrh share price premium (Figure 6) has fallen over the year as investors continued to respond to a reduced dividend from previous years. At 30 June 2018, the share price was trading close to net asset backing.

Figure 5: Option Coverage

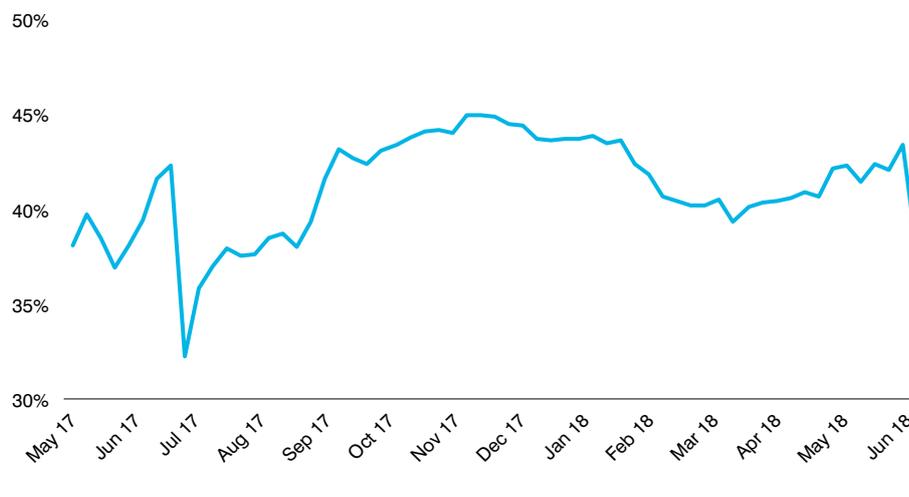
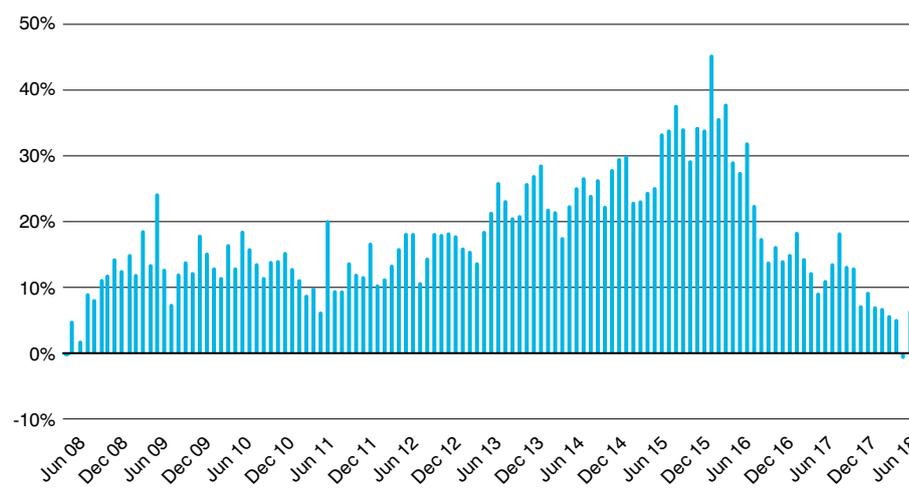


Figure 6: Share Price Premium/Discount to Net Asset Backing



Moving Forward

With the Australian market trading at 10-year highs and with valuations across many companies also high (Figure 7 on page 8), Djerriwarrh will continue to keep option coverage toward the upper end of the typical range of 30 per cent to 50 per cent of the portfolio.

In particular, for those holdings that provide good dividend income but are more challenged for growth, such as the banks, option coverage is likely to be higher than the average. In contrast where there is the case for higher earnings growth and growing dividends the option coverage will be more likely to be lower.

The other important factor that Djerriwarrh considers in its option writing activities is the level of volatility. For some time, this has been low, as economic conditions remain very favourable, particularly in the United States. This has helped drive global markets, including Australia, higher (Figure 8 on page 8). Volatility could well increase over coming months as the Federal Reserve looks to increase interest rates from low levels, although this appears to be well understood by the market. A more likely scenario for a substantive uplift in volatility is the uncertainty surrounding the global political environment, where issues such as trade tariffs have become more dominant, a factor which markets have largely ignored to date.

Review of Operations and Activities continued

Capital Changes

Under the Company's Dividend Reinvestment Plan, 767,922 shares were issued in August 2017 at a price of \$3.44 per share and 828,750 shares were issued in February 2018 at a price of \$3.33 per share. At the close of the year the Company had 220.9 million shares in issue.

Dividends

A final fully franked dividend of 10 cents per share has been declared (2017: 10 cents).

The dividends paid during the year ended 30 June 2018 were as follows:

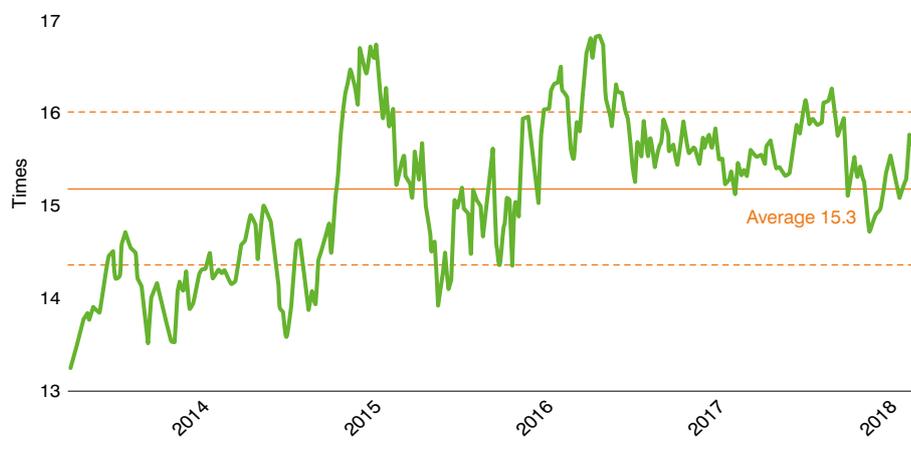
	\$'000
Final dividend for the year ended 30 June 2017 of 10 cents fully franked at 30 per cent, paid 25 August 2017	21,935
Interim dividend for the year ended 30 June 2018 of 10 cents per share fully franked at 30 per cent, paid 21 February 2018	22,012
	43,947

Listed Investment Company Capital Gains

Listed Investment Companies (LIC) which make capital gains on the sale of investments held for more than one year are able to attach to their dividends a LIC capital gains amount which some shareholders are able to use to claim a tax deduction. This is called an 'LIC capital gain attributable part'. The purpose of this is to put shareholders in LIC's on a similar footing with holders of managed investment trusts with respect to capital gains tax on the sale of underlying investments.

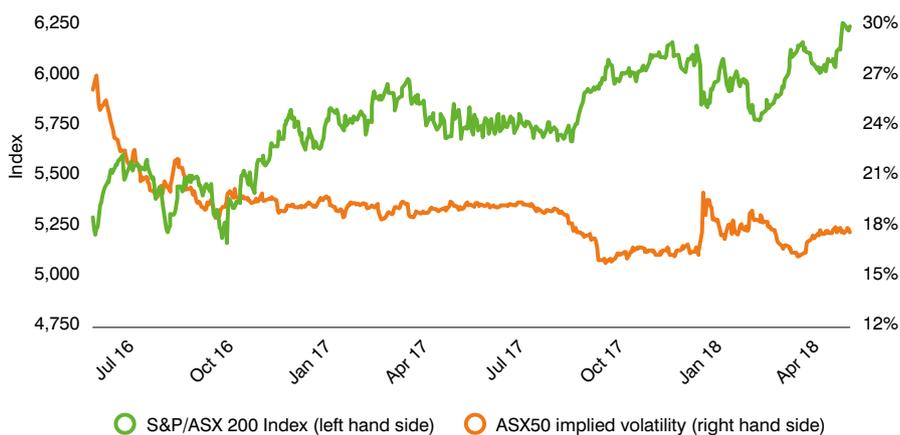
Tax legislation sets out the definition of a 'Listed Investment Company' which Djerriwarrh satisfies. Furthermore, from time to time the Company sells securities out of the investment portfolio held for more than one year which may result in capital gains being made and tax being paid. The Company is therefore on occasion in a position to be able to make available to shareholders a LIC capital gain attributable part with our dividends. This year's interim dividend of 10.0 cents per share for the year ended 30 June 2018 that was paid in February 2018 carried a 7.14 cents per share LIC capital gain attributable part

Figure 7: Price Earnings Ratio of the S&P ASX 200 Index



Source: FactSet

Figure 8: Australian Market Volatility Relative to the Movement in the S&P ASX 200 Index



(2017: nil cents). In respect of this year's final dividend of 10.0 cents per share for the year ended 30 June 2018, it also carries with it a 7.14 cents per share LIC capital gain attributable part (2017: 7.14 cents). The amount which shareholders may be able to claim as a tax deduction depends on their individual situation. Further details are provided in the dividend statements.

Financial Condition

The Company's financing consists primarily of shareholders' funds. The Company also has agreements with the Commonwealth Bank of Australia and Westpac Bank, for cash advance facilities of \$140 million (see Note D2). As at 30 June 2018, \$109.5 million had been drawn down on existing facilities

(2017: \$84.5 million). The Company's total borrowings of \$109.5 million at balance date represented 15.0 per cent of net assets.

Likely Developments

The Company intends to continue its investment activities in future years as it has done since inception. The results of these investment activities depend upon the performance of the companies and securities in which we invest. Their performance in turn depends on many economic factors. These include economic growth rates, inflation, interest rates, exchange rates and taxation levels. There are also industry and company-specific issues such as management competence, capital strength, industry economics and competitive behaviour.

The Directors do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of the Company's investments. Accordingly, Directors do not provide a forecast of the likely results of our activities. However, the Company's focus is on results over the medium to long term and its twin objectives are as set out above.

Significant Changes in the State of Affairs

Directors are not aware of any other significant changes in the operations of the Company or the environment in which it operates that will adversely affect the results in subsequent years.

Events Since Balance Date

The Directors are not aware of any other matter or circumstance not otherwise disclosed in the Financial Report or the

Directors' Report which has arisen since the end of the financial year that has affected or may affect the operations, or the results of those operations, or the state of affairs of the Company in subsequent financial years.

Environmental Regulations

The Company's operations are such that they are not materially affected by environmental regulations.

Rounding of Amounts

The Company is of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directorship Matters

As previously announced in September 2017 and detailed in the Company's December Half-Yearly Review, Ross Barker retired as Managing Director and Chief Executive Officer (CEO) on 31 December 2017. Mark Freeman who was previously the Chief Investment Officer of Djerriwarrh Investments became the Managing Director and CEO of the Company on 1 January 2018.

Mr Graham Kraehe and Mr Andrew Guy also retired from the Board with effect from the 10 October 2017 and 19 April 2018 respectively.

The Board wishes to record its deep appreciation to Messrs Barker, Kraehe and Guy for their contributions to the Board and years of valued service and to wish them well for the future.



Resources Sector
Return

41%

Top 20 Investments

As at 30 June 2018

Includes investments held in both the investment and trading portfolios.

Valued at Closing Prices at 29 June 2018

	Total Value \$ Million	% of the Portfolio
1 Commonwealth Bank of Australia*	62.7	8.3
2 Westpac Banking Corporation*	58.5	7.7
3 BHP*	43.7	5.8
4 National Australia Bank*	38.0	5.0
5 Australia and New Zealand Banking Group*	37.6	5.0
6 CSL*	29.2	3.9
7 Wesfarmers*	27.4	3.6
8 Macquarie Group*	23.8	3.1
9 Brambles*	17.7	2.3
10 Rio Tinto*	16.9	2.2
11 Oil Search*	15.9	2.1
12 Woodside Petroleum*	15.7	2.1
13 James Hardie Industries*	15.6	2.1
14 Transurban Group*	15.1	2.0
15 Woolworths Group*	14.9	2.0
16 Suncorp Group*	14.6	1.9
17 Sydney Airport*	14.0	1.8
18 Amcor*	13.9	1.8
19 Telstra Corporation	13.2	1.7
20 Qube Holdings*	11.7	1.5
Total	500.1	

As a percentage of total portfolio value (excludes cash) 65.9%

* Indicates that options were outstanding against part of the holding.

Board and Management

Directors

John Paterson BCom (Hons) (Melb), CPA, F Fin. Chairman and Independent Non-Executive Director. Chairman of the Investment Committee. Member of the Nomination Committee. Chairman of the Company's associated entity, Australian Investment Company Services Limited (AICS).

Mr Paterson is a company Director who was appointed to the Board in July 2002, appointed Deputy Chairman in September 2009 and appointed Chairman in October 2013. He is also a Director of Australian Foundation Investment Company Limited (AFIC). He was formerly a Director of Goldman Sachs JBWere and is a former member of the Board of Guardians of Australia's Future Fund.

R Mark Freeman BE, MBA, Grad Dip App Fin (Sec Inst), AMP (INSEAD). Managing Director and Member of the Investment Committee. Managing Director of the Company's associated entity, Australian Investment Company Services Limited (AICS).

Mr Freeman was appointed as Managing Director in January 2018 having been Chief Investment Officer since joining the Company in February 2007. Prior to this he was a Partner with Goldman Sachs JBWere where he spent 12 years advising the investment companies on their investment and dealing activities. He has a deep knowledge and experience of investments markets and the Company's approaches, policies and processes. He is also Managing Director of AFIC, AMCIL Limited and Mirrabooka Investments Limited.

Robert J Edgar BEc (Hons), PHD. Independent Non-Executive Director. Member of the Audit and Investment Committees.

Dr Edgar joined the Board on 26 March 2015. Dr Edgar's initial training was in Economics. He spent the majority of his business career at Australia and New Zealand Banking Group Ltd. He retired as Deputy Chief Executive Officer of the bank in 2009. He is a Non-Executive Director of Transurban Limited and Linfox Armaguard Pty Ltd. He also serves as the Chairman of the Hudson Institute of Medical Research and was a former Chairman of Federation Centres Limited. He was also previously a Non-Executive Director of NuFarm Limited, Asciano Limited and three Asian banks connected with the ANZ Group.

Kathryn J Fagg BE (Hons), MCom (Hons). Independent Non-Executive Director. Chair of the Nomination Committee and Member of the Investment Committee.

Ms Fagg joined the Board in May 2014. Her executive and professional roles have been broad and diverse. She started her career as a petroleum engineer. She became a management consultant and then held a number of Senior Executive positions in the banking, steel and logistics industries across Australia, New Zealand and Asia. Ms Fagg is currently Non-Executive Chairman of Boral and a Non-Executive Director of Incitec Pivot Limited. She is President of Chief Executive Women, Melbourne Recital Centre and Chair of the Breast Cancer Network Australia and was previously a board member of the Reserve Bank of Australia and Chair of Parks Victoria. She also has a number of other significant interests including as a Fellow of the Academy of Technological Sciences and Engineering where she chairs the Industry and Innovation Forum.

Kathryn has been awarded Honorary Doctorates by the University of New South Wales in Business and in Chemical Engineering by the University of Queensland.

Graham B Goldsmith

B Bus (Acctg), FCPA, FAICD, F Fin. Independent Non-Executive Director. Member of the Investment and Nomination Committees. Non-Executive Director of the Company's associated entity, AICS.

Mr Goldsmith was appointed to the Board in April 2013. He is a Non-Executive Director of SEEK Limited, Chancellor of Swinburne University of Technology and a Panel Member of Adara Partners. Mr Goldsmith is a former Vice Chairman and a former Managing Director of Goldman Sachs Australia, and its predecessor firm Goldman Sachs JBWere. He was also previously a former Non-Executive Director of Zhaopin Limited.

Board and Management continued

Alice J M Williams B.Com, FCPA, FAICD, CFA, ASFA AIF. Independent Non-Executive Director. Chair of the Audit Committee.

Ms Williams was appointed to the Board in May 2010. Ms Williams is a Director of Victorian Funds Management Corporation (VFMC), Equity Trustees Limited, Cooper Energy, and Defence Health. She is also a Non-Executive Director of the Foreign Investment Review Board (FIRB) and Barristers Chambers Limited.

She was formerly a Director of Port of Melbourne Corporation, Guild Group, Airservices Australia, State Trustees Limited, Western Health, the Australian Accounting Standards Board, Telstra Sale Company and V/Line Passenger Corporation. She previously held senior management positions in the financial services sector including NM Rothschild and Sons (Australia) Limited and JP Morgan Australia.

Karen J Wood B Ed; LLB (Hons). Independent Non-Executive Director. Member of the Audit Committee.

Ms Wood was appointed to the Board in July 2016. Ms Wood is a Director of South32 Limited. She is a former Senior Executive of BHP Billiton. During her executive career with that company she served in a number of global roles including as Group Company Secretary and leading the People and the Corporate Affairs functions. She retired from BHP Billiton in 2014. She currently serves as Chairman of the BHP Billiton Foundation. She served on the Takeovers Panel from 2000 to 2012.

Senior Executives

Geoffrey N Driver B Ec, Grad Dip Finance. General Manager, Business Development and Investor Relations.

Mr Driver joined the Company in January 2003. Previously, he was with National Australia Bank Ltd for 18 years in various roles covering business strategy, marketing, distribution, investor relations and business operations. Mr Driver is Chairman of Trust for Nature (Victoria).

Andrew JB Porter MA (Hons) (St And), FCA. Chief Financial Officer.

Mr Porter joined the Company in January 2005. He is a Chartered Accountant and has had over 21 years experience in accounting and financial management both in the United Kingdom with Andersen Consulting and Credit Suisse First Boston, and in Australia where he was Regional Chief Operating Officer for the Corporate and Investment Banking Division of CSFB. He is President of The Group of 100 (G100), the peak body for CFOs and a former Non-Executive Director of the Royal Victorian Eye & Ear Hospital.

Matthew J Rowe BA (Hons), MSc Corp Gov, FGIA, FCIS. Company Secretary.

Mr Rowe joined the Company in July 2016. He is a Chartered Secretary with over 10 years of experience in corporate governance with a particular focus in listed investment companies. He was previously a corporate governance advisor at a professional services firm which included acting as Company Secretary for three ASX listed companies. Prior to that Matthew was the Company Secretarial Manager for a funds management company based in the United Kingdom.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2018 and the numbers of meetings attended by each Director were:

	Board		Investment Committee		Audit Committee		Nomination Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
J Paterson	10	10	22	21	-	2 ⁽ⁱ⁾	1	1
RM Freeman ⁽ⁱⁱ⁾	5	5	11	10	-	2 ⁽ⁱ⁾	-	-
RE Barker ^(vi)	4	4	11	9	-	1 ⁽ⁱ⁾	-	-
RJ Edgar	10	10	14 ^(iv)	17	3	3	-	-
KJ Fagg	10	10	3 ⁽ⁱⁱⁱ⁾	17	-	-	1	1
GB Goldsmith ^(vii)	10	10	22	21	-	1 ⁽ⁱ⁾	1	1
AF Guy ^(vi)	8	8	19	17	2	2	-	-
GJ Kraehe ^(vi)	3	2	6	5	1	0	-	-
AJM Williams	10	7	-	16 ⁽ⁱ⁾	3	3	-	-
KJ Wood	10	10	-	14 ⁽ⁱ⁾	2 ^(v)	3	-	-

(i) Attended meetings as non-members.

(ii) RM Freeman appointed as Managing Director from 1 January 2018.

(iii) KJ Fagg joined the Investment Committee from 31 May 2018.

(iv) RJ Edgar joined the Investment Committee from 5 October 2017.

(v) KJ Wood joined the Audit Committee on 16 November 2017.

(vi) Messrs Barker, Kraehe and Guy ceased to be a Director on the 31 December 2017, 10 October 2017 and 19 April 2018 respectively.

(vii) GB Goldsmith joined the Nomination Committee on 16 November 2017.

Retirement, Election and Continuation in Office of Directors

Mr RJ Edgar, being eligible, will offer himself for re-election at the forthcoming 2018 Annual General Meeting.

Ms AJM Williams, being eligible, will offer herself for re-election at the forthcoming 2018 Annual General Meeting.

Insurance of Directors and Officers

During the financial year, the Company paid insurance premiums to insure the Directors and Officers named in this report to the extent allowable by law. The terms of the insurance contract preclude disclosure of further details.

Corporate Governance Statement

A copy of the Company's Corporate Governance Statement for the financial year ended 30 June 2018 can be found on the Company's website at:

djerri.com.au/Corporate-Governance.aspx

Remuneration Report

(a) Principles Used to Determine Nature and Amount of Remuneration

The constitution of Djerriwarrh requires approval by the shareholders in general meeting of a maximum amount of remuneration per year to be allocated between and paid to Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate directors. The amount of remuneration for each Director excludes amounts owing when the Directors' retirement allowances were frozen at 30 June 2004. At the Company's 2015 Annual General Meeting (AGM), the total aggregate amount approved by shareholders for Non-Executive Director remuneration was \$900,000.

Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company.

Non-Executive Directors do not receive any performance-based remuneration.

Djerriwarrh does not pay directly any performance based remuneration. However, Mr Barker (until 31 December 2017) and Mr Freeman (from 1 January 2018) were made available as Managing Director of Djerriwarrh by Australian Investment Company Services Ltd (AICS). As part of their remuneration arrangements with AICS, Mr Barker received and Mr Freeman receives an 'at risk' component which is based on performance, as do other Executives (see Section (d)). The performance criteria include quantitative and qualitative assessments which include, amongst other things, the services that they have provided to Djerriwarrh and for which AICS is paid. Details of the amounts paid and the performance criteria utilised are available in the Remuneration Report of Australian Foundation Investment Company Limited (AFIC) which is the majority shareholder and parent company of AICS.

All current Directors have entered into a Directors' Deed in a form approved by shareholders.

The Directors and the Company have agreed to freeze Directors' retirement allowances at the 30 June 2004 level. This frozen amount will be paid to the respective Directors when they ultimately retire, without further adjustment. The Company continues to pay an SGC contribution on Directors' fees.

During the year, Messrs Barker, Guy and Kraehe retired and were paid the Directors' allowance that was due to them.

(b) Remuneration of Directors

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2018 were as follows:

	Primary Fee \$	Post-employment Superannuation \$	Total Remuneration \$
J Paterson – Chairman (Non-Executive)			
2018	162,100	15,400	177,500
2017	155,251	14,749	170,000
RE Barker – Managing Director (Executive – retired 31 December 2017)			
2018	-	-	-
2017	-	-	-
RJ Edgar – Director (Non-Executive)			
2018	81,050	7,700	88,750
2017	77,626	7,374	85,000
KJ Fagg – Director (Non-Executive)			
2018	81,050	7,700	88,750
2017	77,626	7,374	85,000
RM Freeman – Managing Director (Executive – appointed 1 January 2018)			
2018	-	-	-
GB Goldsmith – Director (Non-Executive)			
2018	81,050	7,700	88,750
2017	77,626	7,374	85,000
AF Guy – Director (Non-Executive – retired 19 April 2018)			
2018	64,928	6,168	71,096
2017	77,626	7,374	85,000

	Primary Fee \$	Post-employment Superannuation \$	Total Remuneration \$
GJ Kraehe – Director (Non-Executive – retired 10 October 2017)			
2018	21,533	2,046	23,579
2017	77,626	7,374	85,000
AJM Williams – Director (Non-Executive)			
2018	81,050	7,700	88,750
2017	77,626	7,374	85,000
KJ Wood – Director (Non-Executive – appointed 1 July 2016)			
2018	81,050	7,700	88,750
2017	77,626	7,374	85,000
Total Remuneration: Directors			
2018	653,811	62,114	715,925
2017	698,633	66,367	765,000

(c) Directors' Retirement Allowances

The Board proposed and shareholders approved at the 2004 AGM discontinuing the practice of paying Directors' retirement allowances.

The Directors' retirement allowance provided in past years was equal to the total emoluments that the Director received in the three years immediately preceding retirement, where a Director had held office for five or more years and a proportionate part for less than five years' service.

For Directors in office at 30 June 2004, the amounts accrued as at that date will be paid to them upon their ultimate retirement. No further accruals of Directors' retiring allowances will be made after 30 June 2004. New Directors appointed to the Company after that date will not be entitled to any Directors' retirement allowance.

The amounts payable to the respective current Directors who were in office at 30 June 2004, which will be paid when they retire, are set out below. These amounts were expensed in prior years as the retirement allowances accrued.

	Amount Payable on Retirement \$
J Paterson	44,468
	44,468

Remuneration Report continued

Holdings of Securities Issued by the Company

As at 30 June 2018 Directors and Executives who hold stock units issued by the Company for their own benefit or who have an interest in holdings in the name of another party and the total number of such securities are as follows:

	Balance at 1 July 2017	Net Changes During the Year	Balance at 30 June 2018
J Paterson	317,364	79,634	396,998
RE Barker	386,895	-	n/a
RJ Edgar	20,000	6,199	26,199
KJ Fagg	3,084	90	3,174
RM Freeman	42,228	600	42,828
GB Goldsmith	46,274	43,376	89,650
AF Guy	221,604	-	n/a
GJ Kraehe	39,614	-	n/a
AJM Williams	11,932	3,716	15,648
KJ Wood	36,203	9,211	45,414
GN Driver	28,300	22,242	50,542
AJB Porter	100,489	(61,645)	38,844
MJ Rowe	-	412	412

It is the Company's policy that no Djerriwarrh shares owned by Directors or Executives are held subject to margin loans.

(d) Executives

Executives are officers who are involved in, concerned with, or who take part in, the management of the affairs of the Company. The Company has four Executives, RM Freeman, Managing Director; GN Driver, General Manager – Business Development and Investor Relations; AJB Porter, Chief Financial Officer; and MJ Rowe who is Company Secretary (and was appointed on 11 July 2016) (2017: five Executives, including RE Barker who retired as Managing Director with effect from 1 January 2018).

As noted in Section (a), no remuneration is paid to the Executives directly by Djerriwarrh as their services are provided pursuant to an arrangement with AICS as outlined in the Notes to the Financial Statements. However, the Managing Director, General Manager – Business Development and Investor Relations, the Chief Financial Officer and the Company Secretary are all required to purchase Djerriwarrh shares as part of their Annual Incentive Plans. The General Manager – Business Development and Investor Relations, the Chief Financial Officer and the Company Secretary all purchased shares during the year under this Plan. The Managing Director was on a different Incentive Plan prior to 1 January 2018, when he served as Chief Investment Officer, but has purchased shares during the year independently.

Details of the incentive payments awarded, and the performance criteria utilised, are available in the Remuneration Report of Australian Foundation Investment Company Limited, which is the parent company of AICS.

Non-audit Services

Details of non-audit services performed by the auditors may be found in Note F2 of the Financial Report.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the *Corporations Act 2001* including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company, or jointly sharing economic risk and rewards.

A copy of the Auditor's Independence Declaration is set out on page 18.

This report is made in accordance with a resolution of the Directors.



John Paterson
Chairman

Melbourne
16 July 2018

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Djerriwarrh Investments Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

Nadia Carlin

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
16 July 2018

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331 MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

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Income Statement

For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Dividends and distributions	A3	34,297	30,570
Revenue from deposits and bank bills		169	352
Other revenue		-	15
Total revenue		34,466	30,937
Net gains on trading portfolio	A3	70	2,278
Income from options written portfolio	A3	11,693	10,938
Income from operating activities		46,229	44,153
Finance costs	B4, D2	(3,220)	(3,059)
Administration expenses	B1	(3,922)	(3,975)
Share of net profit from associate	B1	428	389
Operating result before income tax expense		39,515	37,508
Income tax expense*	B2, E2	(3,509)	(3,666)
Net operating result for the year		36,006	33,842
Net gains/(losses) on open options positions		(6,515)	(235)
Deferred tax expense on open options positions*	B2, E2	1,954	71
		(4,561)	(164)
Profit for the year		31,445	33,678
		Cents	Cents
Basic earnings per share	A5	14.27	15.39
		2018 \$'000	2017 \$'000
* Total tax expense	B2, E2	1,555	3,595

This Income Statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

For the Year Ended 30 June 2018

	Year to 30 June 2018			Year to 30 June 2017		
	Revenue ¹ \$'000	Capital ¹ \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Profit for the year	36,006	(4,561)	31,445	33,842	(164)	33,678
Other comprehensive income						
<i>Items that will not be recycled through the Income Statement</i>						
Gains for the period	-	28,718	28,718	-	50,584	50,584
Tax on above	-	(8,985)	(8,985)	-	(15,311)	(15,311)
<i>Items that may be recycled through the Income Statement</i>						
Net movement in fair value of swap contracts ²	-	227	227	-	673	673
Total other comprehensive income	-	19,960	19,960	-	35,946	35,946
Total comprehensive income	36,006	15,399	51,405	33,842	35,782	69,624

- 'Capital' includes realised or unrealised gains or losses (and the tax on those) on securities in the investment portfolio and unrealised gains or losses (and the tax thereon) on options in the options written portfolio. Income in the form of distributions and dividends and realised gains or losses on options is recorded as 'revenue'. All other items, including expenses, are included in 'net operating result', which is categorised under 'revenue'.
- It is currently anticipated that the swaps will be held to maturity and consequently that they will not be recycled through the Income Statement.

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash	D1	2,025	8,378
Receivables		79,124	44,587
Tax refund due		468	-
Total current assets		81,617	52,965
Non-current assets			
Investment portfolio	A2	770,067	750,239
Deferred tax assets	E2	1,416	-
Deferred tax assets – investment portfolio	B2	-	4,619
Shares in associate	F5	717	419
Total non-current assets		772,200	755,277
Total assets		853,817	808,242
Current liabilities			
Payables		471	1,412
Tax payable		-	226
Borrowings – bank debt	D2	109,500	84,500
Interest rate hedging contracts	B4	210	437
Options sold	A2	11,571	6,318
Total current liabilities		121,752	92,893
Non-current liabilities			
Deferred tax liabilities	E2	-	466
Deferred tax liabilities – investment portfolio	B2	4,344	-
Total non-current liabilities		4,344	466
Total liabilities		126,096	93,359
Net assets		727,721	714,883
Shareholders' equity			
Share capital	A1, D6	642,268	636,888
Revaluation reserve	A1, D3	60,297	40,612
Realised capital gains reserve	A1, D4	(31,223)	(9,298)
Interest rate hedging reserve	B4	(210)	(437)
Retained profits	A1, D5	56,589	47,118
Total shareholders' equity		727,721	714,883

This Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Year Ended 30 June 2018

Year Ended 30 June 2018

	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Interest Rate Hedging \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the year		636,888	40,612	(9,298)	(437)	47,118	714,883
Dividends paid	A4	-	-	(21,973)	-	(21,974)	(43,947)
Shares issued under Dividend Reinvestment Plan	D6	5,401	-	-	-	-	5,401
Share issue costs	D6	(21)	-	-	-	-	(21)
Total transactions with shareholders		5,380	-	(21,973)	-	(21,974)	(38,567)
Profit for the year		-	-	-	-	31,445	31,445
Other comprehensive income (net of tax)							
Net gains for the period on investments ¹		-	19,733	-	-	-	19,733
Net movement in fair value of swap contracts		-	-	-	227	-	227
Other comprehensive income for the year		-	19,733	-	227	-	19,960
Transfer to realised capital gains reserve of cumulative gains on investments sold		-	(48)	48	-	-	-
Total equity at the end of the year		642,268	60,297	(31,223)²	(210)	56,589	727,721

1. Consists of an unrealised gain on investments held at the year-end of \$19.7 million (after tax) plus cumulative gains on investments sold during the year of \$48,000 (after tax).

2. See Note D4.

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Year Ended 30 June 2017

	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Interest Rate Hedging \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the year		634,225	1,677	5,295	(1,110)	54,971	695,058
Dividends paid	A4	-	-	(10,931)	-	(41,531)	(52,462)
Shares issued under Dividend Reinvestment Plan	D6	2,691	-	-	-	-	2,691
Share issue costs	D6	(28)	-	-	-	-	(28)
Total transactions with shareholders		2,663	-	(10,931)	-	(41,531)	(49,799)
Profit for the year		-	-	-	-	33,678	33,678
Other comprehensive income (net of tax)							
Net gains for the period on investments ¹		-	35,273	-	-	-	35,273
Net movement in fair value of swap contracts		-	-	-	673	-	673
Other comprehensive income for the year		-	35,273	-	673	-	35,946
Transfer to realised capital gains reserve of cumulative losses on investments sold		-	3,662	(3,662)	-	-	-
Total equity at the end of the year		636,888	40,612	(9,298)²	(437)	47,118	714,883

1. Consists of an unrealised gain on investments held at the year-end of \$38.9 million (after tax) plus cumulative losses on investments sold during the year of \$3.7 million (after tax).

2. See Note D4.

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the Year Ended 30 June 2018

	Note	2018 \$'000 Inflows/ (Outflows)	2017 \$'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		5,764	9,781
Purchases for trading portfolio		(148)	(2,078)
Interest received		169	352
Proceeds from entering into options in options written portfolio		25,972	27,915
Payment to close out options in options written portfolio		(15,535)	(19,245)
Dividends and distributions received		26,857	29,949
		43,079	46,674
Other receipts		-	1,015
Administration expenses		(4,219)	(3,966)
Finance costs paid		(3,214)	(3,016)
Income taxes paid		(3,388)	(4,581)
Net cash inflow/(outflow) from operating activities	E1	32,258	36,126
Cash flows from investing activities			
Sales from investment portfolio		170,039	147,875
Purchases for investment portfolio		(194,448)	(134,763)
Tax paid on capital gains		(635)	(17)
Net cash inflow/(outflow) from investing activities		(25,044)	13,095
Cash flows from financing activities			
Drawing down of cash advance facilities		25,000	8,000
Share issue costs		(21)	(28)
Dividends paid		(38,546)	(49,769)
Net cash inflow/(outflow) from financing activities		(13,567)	(41,797)
Net increase/(decrease) in cash held		(6,353)	7,424
Cash at the beginning of the year		8,378	954
Cash at the end of the year	D1	2,025	8,378

For the purpose of the Cash Flow Statement, 'cash' includes cash and deposits held at call.

This Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

A. Understanding Djerriwarrh's Financial Performance

A1. How Djerriwarrh Manages its Capital

Djerriwarrh's objective is to provide shareholders with attractive total returns including capital growth over the medium to long term and to pay an enhanced level of fully franked dividends.

Djerriwarrh recognises that its capital will fluctuate with market conditions. In order to manage those fluctuations, the Board may adjust the amount of dividends paid, issue new shares, buy-back the Company's shares or, where applicable, sell assets to settle any debt.

Djerriwarrh's capital consists of its shareholders' equity plus any net borrowings. A summary of the balances in equity (excluding the interest rate hedging reserve) is provided below:

	2018 \$'000	2017 \$'000
Share capital	642,268	636,888
Revaluation reserve	60,297	40,612
Realised capital gains reserve	(31,223)	(9,298)
Retained profits	56,589	47,118
	727,931	715,320

Refer to Notes D3 – D6 for a reconciliation of movement for each equity account from period to period.

A2. Investments Held and How They Are Measured

Djerriwarrh has three portfolios of securities: the investment portfolio, the options written portfolio and the trading portfolio. Details of all holdings (except for the specific option holdings) as at the end of the reporting period can be found at the end of the Annual Report.

The investment portfolio holds securities which the Company intends to retain on a long-term basis. The options written portfolio and trading portfolio are held for short-term trading only. The latter is relatively small in size when utilised. The Company predominantly writes call options but a small number of put options are also written at times (see below). Call options are only written over securities held in the investment portfolio whilst put options are fully backed by cash, cash equivalents or access to liquidity facilities.

The balance and composition of the investment portfolio was:

	2018 \$'000	2017 \$'000
Equity instruments (at market value)	770,067	750,239
	770,067	750,239

The fair value (the price at which the option may be bought) at 30 June of the securities in the options written portfolio was:

	2018 \$'000	2017 \$'000
Call options	(11,519)	(5,475)
Put options	(52)	(843)
	(11,571)	(6,318)

If all call options were exercised, this would lead to the sale of \$299.6 million worth of securities at an agreed price – the 'exposure' (2017: \$256.8 million). If all put options were exercised, this would lead to the purchase of \$3.4 million of securities at an agreed price (2017: \$13.8 million).

\$101.3 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2017: \$95.2 million). These shares are lodged with ASX Clear under the terms of ASX Clear Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

Notes to the Financial Statements *continued*

How Investments Are Shown in the Financial Statements

The accounting standards set out the following hierarchy for fair value measurement:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liabilities that are not based on observable market data.

All financial instruments held by Djerriwarrh are classified as Level 1 (other than options which are Level 2). Their fair values are initially measured at the costs of acquisition and then remeasured based on quoted market prices at the end of the reporting period. Options are valued daily using an independent third-party data provider.

Net Tangible Asset Backing Per Share

The Board regularly reviews the net asset backing per share both before and after provision for deferred tax on the unrealised gains or losses in Djerriwarrh's long term investment portfolio. Deferred tax is calculated as set out in Note B2. The relevant amounts as at 30 June 2018 and 30 June 2017 were as follows:

	30 June 2018 \$	30 June 2017 \$
Net tangible asset backing per share		
Before tax	3.31	3.24
After tax	3.29	3.26

Equity Investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' (OCI), because they are equity instruments held for long-term capital growth and dividend income, rather than to make a profit from their sale. This means that changes in the value of these shares during the reporting period are included in OCI in the statement of comprehensive income. The cumulative change in value of the shares over time is then recorded in the revaluation reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realised capital gains reserve.

Options

Options are classified as financial assets or liabilities at fair value through profit and loss and usually have an expiry date within 12 months from the date that they are sold. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value.

Securities Sold and How They Are Measured

During the period \$203.6 million (2017: \$186.9 million) of equity securities were sold. The cumulative gain on the sale of securities was \$48,000 for the period after tax (2017: \$3.7 million loss). This has been transferred from the revaluation reserve to the realised capital gains reserve (see Statement of Changes in Equity). These sales were accounted for at the date of trade.

Where securities are sold, any difference between the sale price and the cost is transferred from the revaluation reserve to the realised capital gains reserve and the amounts noted in the Statement of Changes in Equity. This means the Company is able to identify the realised gains out of which it can pay a Listed Investment Company (LIC) gain as part of the dividend, which conveys certain taxation benefits to many of Djerrivarrh's shareholders.

The realised gain or loss on options written is not recognised until the option expires, is exercised or is closed out. All unrealised gains or losses which represent movements in the market value of the options are recognised through the Income Statement.

A3. Operating Income

The total income received from Djerrivarrh's investments in 2018 is set out below.

	2018 \$'000	2017 \$'000
Dividends and distributions		
Dividends from securities held in investment portfolio at 30 June	28,898	26,483
Dividends from investment securities sold during the year	5,399	4,087
	34,297	30,570

Dividend Income

Dividends from listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Dividends from unlisted securities are recognised as income when they are received. Capital returns on ordinary shares are treated as an adjustment to the carrying value of the shares.

Trading Income and Non-equity Investments

Net gains on the trading and options portfolio are set out below.

	2018 \$'000	2017 \$'000
Net gains		
Net realised gains from trading portfolio	70	2,278
Realised gains on options written portfolio	11,693	10,938
	11,763	13,216

Including the realised gain on options written above, plus the unrealised loss on open options, a total of \$5.2 million before tax was recorded through the Income Statement from options in the options written portfolio (2017: \$10.7 million).

Notes to the Financial Statements continued

A4. Dividends Paid

The dividends paid and payable for the year ended 30 June 2018 are shown below:

	2018 \$'000	2017 \$'000
(a) Dividends Paid During the Year		
Final dividend for the year ended 30 June 2017 of 10 cents fully franked at 30 per cent paid 25 August 2017 (2017: 14 cents fully franked at 30 per cent paid on 26 August 2016)	21,935	30,603
Interim dividend for the year ended 30 June 2018 of 10 cents per share fully franked at 30 per cent, paid 21 February 2018 (2017: 10 cents fully franked at 30 per cent paid 21 February 2017)	22,012	21,859
	43,947	52,462
(b) Franking Credits		
Balance on the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	33,130	36,309
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(9,469)	(9,401)
Net available	23,661	26,908
These franking account balances would allow Djerriwarrh to frank additional dividend payments up to an amount of:	55,209	62,785
Djerriwarrh's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and on Djerriwarrh paying tax on its other operating activities and on any capital gain.		
(c) Dividends Declared After Balance Date		
Since the end of the year Directors have declared a final dividend of 10 cents per share fully franked at 30 per cent. The aggregate amount of the final dividend for the year to 30 June 2018 to be paid on 27 August 2018, but not recognised as a liability at the end of the financial year is:	22,095	
(d) Listed Investment Company Capital Gain Account		
	2018 \$'000	2017 \$'000
Balance of the LIC capital gain account	26,565	47,879
This equates to an attributable amount	37,949	68,399

Distributed LIC capital gains may entitle certain shareholders to a deduction in their tax return, as set out in the dividend statement. LIC capital gains available for distribution are dependent on the disposal of investment portfolio holdings that qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios. \$11.0 million of the capital gain (\$15.8 million of the attributable amount) will be paid out as part of the final dividend on 27 August 2018.

A5. Earnings Per Share

The table below shows the earnings per share based on the profit for the year:

	2018	2017
Basic earnings per share	Number	Number
Weighted average number of ordinary shares used as the denominator	220,294,908	218,859,903
	\$'000	\$'000
Profit for the year	31,445	33,678
	Cents	Cents
Basic earnings per share	14.27	15.39
Basic net operating result per share	\$'000	\$'000
Net operating result	36,006	33,842
	Cents	Cents
Basic net operating result per share	16.34	15.46

Dilution

As there are no options, convertible notes or other dilutive instruments on issue, diluted earnings per share is the same as basic earnings per share. This also applies to diluted net operating result per share.

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2018	2017
	\$'000	\$'000
Administration fees paid to AICS	(2,450)	(2,437)
Share of net profit from AICS as an associate	428	389
Other administration expenses	(1,472)	(1,538)

Administration Fees Paid to AICS

Australian Investment Company Services Limited (AICS) undertakes the day-to-day administration of Djerriwarrh's investments and its operations, including financial reporting. Djerriwarrh has a 25 per cent shareholding in AICS and has two Directors on the AICS Board who are involved in approving the annual expenses budget of the Company, amongst other duties.

Notes to the Financial Statements continued

Other Administration Expenses

A major component of other administration expenses is Directors' remuneration. This has been summarised below:

	Short-term Benefits \$	Post- employment Benefits \$	Total \$
2018			
Directors	653,811	62,114	715,925
2017			
Directors	698,633	66,367	765,000

Djerriwarrh recognises Directors' retirement allowances that have been crystallised as 'amounts payable'. There are no further retirement allowances that will need to be expensed.

Detailed remuneration disclosures are provided in the Remuneration Report.

The Company does not make loans to Directors.

B2. Tax

Djerriwarrh's tax position, and how it accounts for tax, is explained here. Detailed reconciliations of tax accounting to the financial statements can be found in Note E2.

The income tax expense for the period is the tax payable on this financial year's taxable income, adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences and for any unused tax losses. Deferred tax assets and liabilities (except for those related to the unrealised gains or losses in the investment portfolio) are offset, as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A provision has been made for taxes on any unrealised gains or losses on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments, convertible notes that are classified as debt and the options written portfolio.

A provision also has to be made for any taxes that could arise on sale of securities in the investment portfolio, even though there is no intention to dispose of them. Where Djerriwarrh disposes of such securities, tax is calculated according to the particular parcels allocated to the sale for tax purposes, offset against any capital losses carried forward.

Tax Expense

The income tax expense for the period is shown below:

	2018 \$'000	2017 \$'000
<i>(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable</i>		
Operating result before income tax expense	39,515	37,508
Tax at the rate of 30 per cent (2017: 30 per cent)	11,854	11,252
Tax offset for franked dividends received	(8,481)	(7,681)
Tax effect of sundry items not taxable in calculating taxable income or taxable in current year but not included in income	318	227
	3,691	3,798
Over provision in prior years	(182)	(132)
Income tax expense on operating result before net gains on investments	3,509	3,666
Net gains (losses) on open options positions	(6,515)	(235)
Tax at the rate of 30 per cent (2017: 30 per cent)	(1,954)	(71)
Tax expense (credit) on net gains on open options positions	(1,954)	(71)
Total tax expense	1,555	3,595

Deferred Tax – Investment Portfolio

The accounting standards require us to recognise a deferred tax asset or liability for the potential capital gains tax on the unrealised gain or loss in the investment portfolio. This amount is shown in the Balance Sheet. However, the Board does not intend to sell the investment portfolio and considers that the asset meets the asset recognition criteria.

	2018 \$'000	2017 \$'000
Deferred tax liabilities (assets) on unrealised gains in the investment portfolio	4,344	(4,619)
Opening balance at 1 July	(4,619)	(19,295)
Tax on realised gains	(22)	(635)
Charged to OCI for ordinary securities on gains or losses for the period	8,985	15,311
	4,344	(4,619)

B3. Risk

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

As a LIC that invests in tradeable securities, Djerrriwarrh will always be subject to market risk as it invests its capital in securities which are not risk free – the market price of these securities will fluctuate.

A general fall in market prices of 5 per cent and 10 per cent on values at 30 June, if spread equally over all assets in the investment portfolio, would have led to the following reductions (after tax):

	2018 \$'000		2017 \$'000	
	5%	10%	5%	10%
Profit after tax	-	-	-	-
Other comprehensive income	(26,952)	(53,905)	(26,258)	(52,517)

A market fall of 5 per cent and 10 per cent across the options written portfolio on values at 30 June would have led to the following increases (after tax):

	2018 \$'000		2017 \$'000	
	5%	10%	5%	10%
Profit after tax	405	810	221	442
Other comprehensive income	-	-	-	-

Notes to the Financial Statements continued

Djerriwarrh seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee (normally fortnightly) and risk can be managed by reducing exposure where necessary. Djerriwarrh does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

Djerriwarrh's investment exposures by sector is as below:

	2018 %	2017 %
Energy	6.78	4.91
Materials	16.25	16.11
Industrials	12.11	9.68
Consumer staples	6.76	6.97
Banks	26.52	27.22
Other financials (including property trusts)	18.20	16.97
Telecommunications	2.10	4.19
Healthcare	7.06	8.08
Other – consumer discretionary, info technology and utilities	3.95	4.76
Cash	0.27	1.11

Securities representing over 5 per cent of the combined investment and trading portfolio (including options) at 30 June were:

	2018 %
Commonwealth Bank	8.3
Westpac	7.7
BHP	5.8
National Australia Bank	5.0

	2017 %
Commonwealth Bank	9.0
Westpac	8.5
BHP	5.8

No other security represents over 5 per cent of the Company's investment and trading portfolios.

The writing of call options provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. Options are only written against securities that are held in the trading or investment portfolios although stock may be purchased on-market to meet call obligations.

Djerriwarrh is also not directly exposed to material currency risk as most of its investments are quoted in Australian dollars.

Interest Rate Risk

Djerriwarrh is not currently materially exposed to interest rate risk as all its cash investments and borrowings are short term for a fixed interest rate, but it has entered into interest rate hedging contracts with the Commonwealth Bank of Australia and Westpac Bank, under which Djerriwarrh will pay a fixed interest rate on \$50 million worth of short term borrowings, as outlined below.

Counterparty	Value	Interest Rate	Start Date	Finish Date
Westpac	\$15 million	2.055%	October 2015	October 2020
Commonwealth Bank	\$10 million	2.0375%	April 2016	October 2019
Commonwealth Bank	\$10 million	2.195%	April 2016	October 2020
Commonwealth Bank	\$15 million	2.385%	December 2016	October 2021

This locked in a longer term fixed rate for a substantial proportion of Djerriwarrh's debt. Should interest rates move to the extent that the Board feel that the swaps are uneconomical, they may be unwound and the cost of unwinding them would be reflected through the Income Statement. The hedge was fully effective for the year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Djerriwarrh is exposed to credit risk from cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue. The risk in relation to each of these items is set out below.

Cash

All cash investments not held in a transactional account are invested in short-term deposits with Australia's 'big four' commercial banks or cash management trusts which invest predominantly in securities with an A1+ rating.

In the unlikely event of a bank default or default on the underlying securities in the cash trust, there is a risk of losing the cash deposits and any accrued unpaid interest.

Receivables

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within two days of the date of a transaction. Receivables are non-interest bearing and unsecured. In the event of a payment default, there is a risk of losing any difference between the price of the securities sold and the price of the recovered securities from the discontinued sale.

Trading and Investment Portfolios

Converting and convertible notes or other interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. This risk will be realised in the event of a shortfall on winding-up of the issuing companies.

Liquidity Risk

Liquidity risk is the risk that an entity will not be able to meet its financial liabilities.

Djerriwarrh monitors its cash flow requirements daily. The Investment Committee also monitors the level of contingent payments on a regular basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require Djerriwarrh to purchase securities, and facilities that need to be repaid. Djerriwarrh ensures that it has either cash or access to short-term borrowing facilities sufficient to meet these contingent payments.

Djerriwarrh's inward cash flows depend upon the dividends received. Should these drop by a material amount, Djerriwarrh would amend its outward cash flows accordingly or draw down on more debt. Djerriwarrh's major cash outflows are the purchase of securities and dividends paid to shareholders, and both of these can be adjusted by the Board and management. Furthermore, the assets of Djerriwarrh are largely in the form of readily tradeable securities which can be sold on-market if necessary.

Notes to the Financial Statements continued

The table below analyses Djerriwarrh's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 6 Months \$'000	6-12 Months \$'000	Greater than 1 Year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
30 June 2018					
Non-derivatives					
Payables	471	-	-	471	471
Borrowings	109,500	-	-	109,500	109,500
	109,971	-	-	109,971	109,971
Derivatives					
Options written*	3,383	-	-	3,383	11,571
Interest rate swaps	36	36	145	217	210
	3,419	36	145	3,600	11,781

	Less than 6 Months \$'000	6-12 Months \$'000	Greater than 1 Year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
30 June 2017					
Non-derivatives					
Payables	1,412	-	-	1,412	1,412
Borrowings	84,500	-	-	84,500	84,500
	85,912	-	-	85,912	85,912
Derivatives					
Options written*	13,781	-	-	13,781	6,318
Interest rate swaps	338	232	702	1,272	437
	14,119	232	702	15,053	6,755

* In the case of call options, there are no contractual cash flows as if the option is exercised the contract will be settled in the securities over which the option is written. The contractual cash flows for put options written are the cash sums the Company will pay to acquire securities over which the options have been written, and it is assumed for purpose of the above disclosure that all options will be exercised (i.e. maximum cash outflow).

B4. Interest Rate Swaps

	2018 \$000	2017 \$000
Opening balance at 1 July	(437)	(1,110)
Movement for year (net of tax)	227	673
Fair value of interest rate swap agreements at 30 June	(210)	(437)

Counterparty	Value	Interest Rate	Start Date	Finish Date
Westpac	\$15 million	2.055%	October 2015	October 2020
Commonwealth Bank	\$10 million	2.0375%	April 2016	October 2019
Commonwealth Bank	\$10 million	2.195%	April 2016	October 2020
Commonwealth Bank	\$15 million	2.385%	December 2016	October 2021

The Company has entered into four interest rate hedging contracts as detailed above, under which the Company will pay a fixed interest rate on \$50 million worth of short-term borrowings which have a floating interest rate. These have been designated as effective hedges and any movements in their fair value will be shown as an adjustment against equity. The reserve and the corresponding asset/liability are measured as the fair value of the interest rate swaps net of associated tax. It is currently anticipated that the swaps will be held to maturity and consequently that they will have no impact, under current accounting standards, on the Income Statement.

C. Unrecognised Items

Unrecognised items, such as contingencies, do not appear in the financial statements, usually because they do not meet the requirements for recognition. However, they have the potential to have a significant impact on the Company's financial position and performance.

Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the Financial Report.

ADDITIONAL INFORMATION

Additional information that shareholder may find useful is included here. It is grouped into three sections:

- D. Balance Sheet Reconciliations
- E. Income Statement Reconciliations
- F. Other Information

D. Balance Sheet Reconciliations

This section provides information about the basis of calculation of line items in the financial statements that the Directors do not consider significant in the context of the Company's operations.

D1. Current Assets – Cash

	2018 \$'000	2017 \$'000
Cash at bank and in hand (including on-call)	2,025	8,378

Cash holdings yielded an average floating interest rate of 1.78 per cent (2017: 1.88 per cent). All cash investments are held in a transactional account or an over-night 'at call' account invested in cash management trusts which invest predominantly in securities with an A1+ rating.

D2. Credit Facilities

The Company was party to agreements under which Commonwealth Bank of Australia and Westpac Bank would extend cash advance facilities. Details of the facilities are given below.

	2018 \$'000	2017 \$'000
Commonwealth Bank of Australia – cash advance facility	130,000	140,000
Amount drawn down at 30 June	109,500	84,500
Undrawn facilities at 30 June	20,500	55,500
Westpac Bank – cash advance facility	10,000	10,000
Amount drawn down at 30 June	0	0
Undrawn facilities at 30 June	10,000	10,000
Total short-term loan facilities	140,000	150,000
Total drawn down at 30 June	109,500	84,500
Total undrawn facilities at 30 June	30,500	65,500

The above borrowings are unsecured. Repayment of facilities is done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities are usually drawn down for no more than three months and hence are classified as current liabilities when drawn.

During the year, a \$10 million facility with Westpac Bank expired and was not renewed.

The current debt facilities are as follows:

Facility Provider	Amount	Expiry Date
Commonwealth Bank	\$50 million	31 December 2018
Westpac Bank	\$10 million	30 October 2019
Commonwealth Bank	\$40 million	30 October 2019
Commonwealth Bank	\$40 million	30 June 2021
Total facilities	\$140 million	

D3. Revaluation Reserve

	2018 \$'000	2017 \$'000
Opening balance at 1 July	40,612	1,677
Gains/(losses) on investment portfolio	28,718	50,584
Deferred tax on above	(8,985)	(15,311)
Cumulative taxable realised (gains)/losses (net of tax)	(48)	3,662
	60,297	40,612

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy Note A2.

D4. Realised Capital Gains Reserve

	2018 \$'000			2017 \$'000		
	Taxable Realised Gains (Net of Tax)	Difference Between Tax and Accounting Costs	Total	Taxable Realised Gains (Net of Tax)	Difference Between Tax and Accounting Costs	Total
Opening balance at 1 July	46,553	(55,851)	(9,298)	56,224	(50,929)	5,295
Dividends paid	(21,973)	-	(21,973)	(10,931)	-	(10,931)
Cumulative taxable realised (losses)/gains for period	73	(3)	70	1,895	(4,922)	(3,027)
Tax on realised gains/(losses)	(22)	-	(22)	(635)	-	(635)
	24,631	(55,854)	(31,223)	46,553	(55,851)	(9,298)

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in A2. The difference between tax and accounting costs is a result of realised gains or losses being accounted for on an average cost basis, whilst taxable gains or losses are made based on the specific cost of the actual stock sold – i.e. on a parcel selection basis. These differences also include non-taxable realised gains or losses, e.g. losses under off-market buy-backs.

Additional Information continued

D5. Retained Profits

	2018 \$'000	2017 \$'000
Opening balance at 1 July	47,118	54,971
Dividends paid	(21,974)	(41,531)
Profit for the year	31,445	33,678
	56,589	47,118

This reserve relates to past profits.

D6. Share Capital

Date	Details	Notes	Number of Shares '000	Issue Price \$	Paid-up Capital \$'000
1/7/2016	Balance		218,590		634,225
21/2/2017	Dividend Reinvestment Plan	(i)	762	3.53	2,691
	Costs of issue		-	-	(28)
30/6/2017	Balance		219,352		636,888
25/8/2017	Dividend Reinvestment Plan	(i)	768	3.44	2,641
21/2/2018	Dividend Reinvestment Plan	(i)	829	3.33	2,760
	Costs of issue		-	-	(21)
30/6/2018	Balance		220,949		642,268

(i) Shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares under the Dividend Reinvestment Plan (DRP). The price of the new DRP shares is based on the average selling price of shares traded on the Australian Securities Exchange and Chi-X in the five days after the shares begin trading on an ex-dividend basis. The DRP was reactivated for the interim dividend for the year ended 30 June 2017.

All shares have been fully paid, rank pari passu and have no par value.

E. Income Statement Reconciliations

E1. Reconciliation of Net Cash Flows From Operating Activities to Profit

	2018 \$'000	2017 \$'000
Profit for the year	31,445	33,678
Net decrease (increase) in trading portfolio	-	4,575
Net profit from associate	(298)	(271)
Dividend from associate	-	1,000
Increase (decrease) in options written portfolio	5,253	(2,033)
Dividends received as securities under DRP investments	(880)	(564)
Decrease (increase) in current receivables	(34,537)	(38,170)
– less increase (decrease) in receivables for investment portfolio	33,536	39,023
Increase (decrease) in deferred tax liabilities	7,081	14,609
– less (increase) decrease in deferred tax liability on investment portfolio	(8,963)	(14,676)
Increase (decrease) in current payables	(941)	(1,453)
– less decrease (increase) in payables for investment portfolio	643	1,427
Increase (decrease) in provision for tax payable	(694)	(401)
– less CGT provision	(22)	(635)
– add taxes paid on capital gains	635	17
Net cash flows from operating activities	32,258	36,126

E2. Tax Reconciliations

Tax Expense Composition

	2018 \$'000	2017 \$'000
Charge for tax payable relating to the current year	3,619	3,794
Over provision in prior years	(182)	(132)
Increase (decrease) in deferred tax liabilities	(1,882)	(67)
	1,555	3,595

Additional Information continued

Amounts Recognised Directly Through Other Comprehensive Income

	2018 \$'000	2017 \$'000
Net increase in deferred tax assets relating to capital gains tax on the movement in gains or losses in the investment portfolio	(8,985)	(15,311)
	(8,985)	(15,311)

Deferred Tax Assets and Liabilities

The deferred tax balances are attributable to:

	2018 \$'000	2017 \$'000
(a) Tax on unrealised (gains)/losses in the options written portfolio	1,572	(382)
(b) Provisions and expenses charged to the accounting profit which are not yet tax deductible	45	96
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(201)	(180)
	1,416	(466)
Movements:		
Opening balance at 1 July	(466)	(533)
Credited/(charged) to Income Statement	1,882	67
	1,416	(466)

Deferred tax assets arise when provisions and expenses have been charged but are not yet tax deductible. These assets are realised when the relevant items become tax deductible, as long as enough taxable income has been generated to claim the assets against, and as long as there are no changes to the tax legislation that affect Djerriwarrh's ability to claim the deduction.

E3. Reconciliation of Profit Before Tax

The Board considers Djerriwarrh's operating result after tax to be a key measure of Djerriwarrh's performance. This amount excludes the impact of unrealised gains/losses on options and any gains or losses on Djerriwarrh's investment portfolio. It reconciles to Djerriwarrh's profit before tax as follows:

	2018 \$'000	2017 \$'000
Operating result after income tax expense	36,006	33,842
Add back income tax expense	3,509	3,666
Net gains (losses) on open options positions	(6,515)	(235)
Profit for the year before tax	33,000	37,273

F. Other Information

This section covers other information that is not directly related to specific line items in the financial statements, including information about related party transactions and other statutory information.

F1. Related Parties

All transactions with related parties were made on normal commercial terms and conditions and approved by independent Directors. The only such transactions were in connection with the services provided by AICS (see B1).

F2. Remuneration of Auditors

During the year the auditor earned the following remuneration:

	2018 \$	2017 \$
PricewaterhouseCoopers		
Audit or review of Financial Reports	136,473	164,682
Non-audit services		
Taxation compliance services	22,220	24,145
Total remuneration	158,693	188,827

F3. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board, through its sub-committees, has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

Description of Segments

The Board makes the strategic resource allocations for Djerriwarrh. Djerriwarrh has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for Djerriwarrh's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and Djerriwarrh's performance is evaluated on an overall basis.

Segment Information Provided to the Board

The internal reporting provided to the Board for Djerriwarrh's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of unrealised capital gains tax on investments (as reported in Djerriwarrh's net tangible asset announcements to the ASX).

Additional Information *continued*

Other Segment Information

Revenues from external parties are derived from the receipt of dividend, distribution and interest income, and income arising on the trading portfolio and realised income from the options portfolio.

Djerriwarrh is domiciled in Australia and most of Djerriwarrh's income is derived from Australian entities or entities that maintain a listing in Australia. Djerriwarrh has a diversified portfolio of investments, with no investment (including the unrealised gain or loss on options) comprising more than 10 per cent of Djerriwarrh's income from operating activities.

F4. Summary of Other Accounting Policies

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. This Financial Report has been authorised for issue and is presented in the Australian currency. Djerriwarrh has the power to amend and reissue the Financial Report.

Djerriwarrh has attempted to improve the transparency of its reporting by adopting 'plain English' where possible. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

Phrase	AASB Terminology
Market value	Fair value for actively traded securities
Cash	Cash and cash equivalents
Share capital	Contributed equity
Options	Derivatives written over equity instruments that are valued at fair value through profit or loss

Other terminology used in the report is defined as follows:

Phrase	Definition
Net operating result	Total operating income after operating expenses and income tax are deducted

Djerriwarrh complies with International Financial Reporting Standards (IFRS). Djerriwarrh is a 'for profit' entity.

Djerriwarrh has not applied any Australian Accounting Standards or AASB Interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2018 (the inoperative standards) except for AASB 9 which was adopted on 7 December 2009. The impact of the inoperative standards has been assessed and the impact has been identified as not being material. Djerriwarrh only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

Basis of Accounting

The financial statements are prepared using the valuation methods described in A2. All other items have been treated in accordance with the historical cost convention.

Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of Djerrivarrh approximates their carrying value.

Rounding of Amounts

Djerrivarrh is a company of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

F5. Associate Accounting

Associates are entities over which the Company has significant influence but not control, generally accompanied by a shareholding of between 20 and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost, in the Company's financial statements.

The Company has one associate – Australian Investment Company Services (AICS), incorporated in Australia, in which it has a 25 per cent shareholding. AICS provides investment and administrative services to the Company and to other LICs, including its parent, Australian Foundation Investment Company (AFIC) which holds the other 75 per cent.

The Company's share of its associate's post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in net income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

During the previous year, the Company received a fully franked dividend of \$1,000,000 from its associate. This reduced the carrying value of the shares in the associate.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (1) the financial statements and notes set out on pages 20 to 43 are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note F4 to the financial statements confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018. The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements comply with accounting standards and that they give a true and fair view.



John Paterson
Chairman

Melbourne
16 July 2018



Independent auditor's report

To the members of Djerriwarrh Investments Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Djerriwarrh Investments Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the balance sheet as at 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the income statement for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

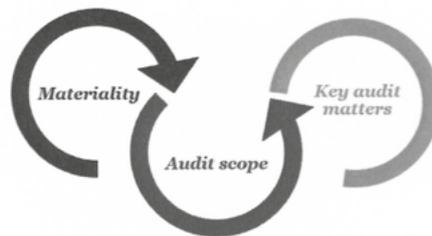
Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



Materiality

- For the purpose of our audit we used overall group materiality of 1% of the Company's net assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose net assets as the benchmark because, in our view, net assets is;
 - the metric against which the performance of the group is most commonly measured; and
 - the key driver of the business and determinant of the Company's value.
- We selected 1% based on our professional judgement, noting that it is within the range of commonly acceptable net asset related thresholds.

Audit scope

- Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Company operates entirely out of its Melbourne office and we perform our audit procedures predominantly at that office.
- The administration and investment operations for the Company are conducted by Australian Investment Company Services Limited. In addition to our audit procedures, we obtained a report from other auditors that the controls over administration and investment operations operating at Australia Investment Company Services Limited were suitably designed and operated effectively for the year. We assessed the report by considering the other auditor's independence, competency and results of procedures.

Key Audit Matters

- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:
 - Existence and valuation of Investment Portfolio
- These are further described in the Key audit matters section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Existence and valuation of Investment Portfolio</i> <i>(Refer to note A2)</i></p> <p><i>\$770.0m</i></p> <p>The Investment Portfolio consists of listed Australian equities which are valued by multiplying the quantity held by market price.</p> <p>Whilst there is no significant judgement in determining the valuation of the Company's investments, investments represent a key measure of the Company's performance and comprise a significant proportion of total assets in the balance sheet. The fluctuations in investment valuation will also impact the realised and unrealised gains/(losses) recognised in the statement of comprehensive income which also affects the deferred tax provisions. Given the pervasive nature investments have on the Company's key financial metrics, we determined the existence and valuation of investments to be a key audit matter.</p>	<ol style="list-style-type: none">1) Performed an investment reconciliation of the investments balance from the opening investment balance, addition/subtraction of purchases, sales and other relevant transactions and agreeing back to the 30 June 2018 balance.2) Obtained the 2018 purchases and sales listing and<ul style="list-style-type: none">• agreed a sample of purchases and sales to original contracts; and• agreed a sample of original contracts to the purchases and sales listing.3) Agreed all the investment quantity holdings at 30 June 2018 to independent third party sources.4) Agreed all the listed equities investment prices to independent market pricing sources.5) Obtained a report on whether the controls over investment purchase and sales transactions were suitably designed and operated effectively for the year and assessed the report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, including the Director's Report, Additional Information section and Other Information section included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Djerriwarrh Investments Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of Djerriwarrh Investments Limited for the year ended 30 June 2018 included on Djerriwarrh Investments Limited's web site. The directors of the Company are responsible for the integrity of Djerriwarrh Investments Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.



PricewaterhouseCoopers



Nadia Carlin
Partner

Melbourne
16 July 2018

OTHER INFORMATION

Information About Shareholders

At 13 July 2018 there were 18,087 holdings of ordinary shares. These holdings were distributed in the following categories:

Size of Holding	Shareholdings (At 13 July 2018)
1 to 1,000	2,115
1,001 to 5,000	6,172
5,001 to 10,000	4,219
10,001 to 100,000	5,407
100,001 and over	174
Total	18,087

20 largest shareholdings	9.45%
Average shareholding	12,216

There were 406 shareholdings of less than a marketable parcel of \$500 (148 shares).

Voting Rights of Ordinary Shares

The Constitution provides for votes to be cast:

- (i) on a show of hands, one vote for each shareholder; and
- (ii) on a poll, one vote for each fully paid ordinary share.

Major Shareholders

The 20 largest holdings of ordinary shares as at 13 July 2018 are listed below:

Shareholder	Holding	% Total
Australian Foundation Investment Company Limited	7,505,346	3.40
Bruce Teele	2,186,321	0.99
Miss Margaret Frances Erskine	1,750,000	0.79
Australian Executor Trustees Limited <No 1 Account>	1,323,063	0.60
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	1,022,687	0.46
Ms Roslyn Webster + Mr Jon Webster <RJW Super Fund A/C>	834,200	0.38
HSBC Custody Nominees (Australia) Limited	774,090	0.35
Navigator Australia Ltd <MLC Investment Sett A/C>	533,491	0.24
Terrence Campbell	486,582	0.22
Laidlaw Family Investments Pty Ltd <Laidlaw Family Invest A/C>	479,884	0.22
Baker Custodian Corporation	450,000	0.20
Gumala Investments Pty Ltd <General Gumala Foundatn A/C>	430,000	0.19
PNBW Pty Ltd <F & JA Arrowsmith Family A/C>	420,156	0.19
John Paterson	396,998	0.18
Mr Ian Stanley Fraser + Mr John Bruce Hannaford + Mr Andrew Stanley Fraser <Joe White Bequest Cap A/C>	396,360	0.18
Ross Barker	379,563	0.17
Mr Timothy John Mcquaid + Mr Gregory Drew Boyle <Est Nida Dorothy Johnson A/C>	378,907	0.17
Miss Grace Johnson	378,906	0.17
Mr Mason Johnson	378,906	0.17
Brownell Superannuation Pty Ltd <Brownell Super Fund A/C>	375,000	0.17

Substantial Shareholders

The Company has not been notified of any substantial shareholders.

Transactions in Securities

During the year ended 30 June 2018, the Company recorded 2,975 transactions in securities (including options). \$1,310,176 (including GST) in brokerage was paid or accrued for the year.

Holding of Securities

As at 30 June 2018

Details of the Company's portfolios are given below. The list should not be used to evaluate portfolio performance or to determine the net asset backing per share (which is advised to the Australian Securities Exchange each month and recorded on the toll free telephone service at 1800 780 784).

Individual holdings in the portfolios may change significantly during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units, stapled securities or convertible notes.

Code	Company Name	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
AGL*	AGL Energy	174	329	7,245
ALQ*	ALS	502	412	3,050
ALX*	Atlas Arteria	0	750	4,794
AMC*	Amcor	731	978	13,937
AMH	AMCIL	10,599	10,599	10,175
AMP	AMP	2,242	1,602	5,704
ANN*	Ansell	0	151	3,987
ANZ*	Australia and New Zealand Banking Group	1,200	1,352	37,641
APA	APA Group	326	131	1,291
ASX*	ASX	79	77	4,866
AUB	AUB Group	598	598	8,114
AWC*	Alumina	2,725	2,775	7,633
AZJ*	Aurizon Holdings	445	445	1,912
BHP*	BHP	1,861	1,299	43,702
BKW*	Brickworks	0	190	2,907
BLD*	Boral	409	961	6,227
BXB*	Brambles	1,998	1,998	17,662
CAR*	Carsales.com	180	248	3,605
CBA*	Commonwealth Bank of Australia	810	867	62,681
CCL*	Coca-Cola Amatil	550	150	1,345
CGF*	Challenger	492	975	11,447
COH*	Cochlear	18	10	1,913
CPU*	Computershare	477	247	4,509
CSL*	CSL	184	152	29,242
CTX*	Caltex Australia	190	312	9,940
CYB*	CYBG Plc	1,290	890	4,795
DLX*	DuluxGroup	0	259	1,960
FNP	Freedom Foods Group	359	475	3,197
FPH*	Fisher & Paykel Healthcare Corporation	181	81	1,044
GMG*	Goodman Group	0	275	2,611
HSO*	Healthscope	2,933	700	1,452
IAG*	Insurance Australia Group	962	682	5,755
IRE*	IRESS	436	551	6,402
IVC	InvoCare	0	175	2,405
JHG*	Janus Henderson	0	175	7,268
JHX*	James Hardie Industries	639	691	15,564
LIC	Lifestyle Communities	624	518	3,031
LNK	Link Administration Holdings	284	300	2,199
MFT	Mainfreight	400	250	6,368

Code	Company Name	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
MIR	Mirrabooka Investments	4,169	4,108	11,051
MQG*	Macquarie Group	125	197	23,769
NAB*	National Australia Bank	1,188	1,394	38,020
ORA*	Orora Limited	750	1,128	3,864
ORG*	Origin Energy	665	673	6,554
ORI*	Orica	238	238	4,192
OSH*	Oil Search	2,150	1,871	15,902
PPT*	Perpetual	87	97	4,018
QAN*	Qantas Airways	0	425	2,599
QBE*	QBE Insurance Group	1,165	590	5,712
QUB*	Qube Holdings	5,016	5,016	11,743
REA	Realestate.com	15	9	818
REH	Reece Australia	0	137	1,734
RHC*	Ramsay Health Care	72	79	4,233
RIO*	Rio Tinto	287	206	16,909
RMD*	Resmed	360	165	2,303
RWC	Reliance Worldwide	0	750	4,020
S32*	South32	3,210	1,835	6,511
SCG*	Scentre Group	2,125	2,280	9,727
SEK*	Seek	730	420	9,150
SHL*	Sonic Healthcare	296	395	9,593
SUN*	Suncorp Group	670	1,025	14,567
SYD*	Sydney Airport	592	1,979	13,984
TCL*	Transurban Group	783	1,285	15,099
TLS	Telstra Corporation	6,125	5,030	13,179
TPM	TPG Telecom	1,035	538	2,779
TWE*	Treasury Wine Estates	532	264	4,534
URW	Unibail-Rodamco-Westfield	0	376	5,518
VCX*	Vicinity Centres	2,170	1,980	5,077
WBC*	Westpac Banking Corporation	2,075	2,015	58,529
WES*	Wesfarmers	644	594	27,369
WLL	Wellcom Group	400	400	1,760
WOR*	WorleyParsons	0	205	3,503
WOW*	Woolworths Group	511	501	14,943
WPL*	Woodside Petroleum	400	461	15,658
Total				758,496

* Indicates that options were outstanding against part or all of the holding.

Major Transactions in the Investment Portfolio

Acquisitions	Cost (\$'000)
Macquarie Group	15,306
BHP	12,259
CSL	11,873
Sydney Airport	11,040
Woolworths Group	8,189

Sales	Proceeds (\$'000)
BHP*	27,355
CSL*	16,417
Rio Tinto* (including \$1.95 million in off-market buy-back)	10,280
Westfield Corporation (takeover by Unibail-Rodamco)	9,076
Woolworths Group*	8,661

* Sales as result of the exercise of call options.

New Companies Added to the Investment Portfolio

Janus Henderson Group
Unibail-Rodamco-Westfield
Atlas Arteria
Reliance Worldwide
Ansell
Worley Parsons
Qantas Airways
Goodman Group
Brickworks
InvoCare
DuluxGroup
Reece

Sub-underwriting

During the year the Company did not participate as a sub-underwriter of any issues of securities.

Issues of Securities

Issue	Type	Price	Remarks
21 February 2018	DRP	\$3.33	5% discount
25 August 2017	DRP	\$3.44	5% discount
21 February 2017	DRP	\$3.53	5% discount
24 August 2012	DRP	\$3.66	2.5% discount
17 February 2012	DRP	\$3.59	2.5% discount
24 August 2011	DRP	\$3.47	2.5% discount
18 February 2011	DRP	\$4.05	2.5% discount
24 August 2010	DRP	\$3.89	5% discount
19 February 2010	DRP	\$4.16	5% discount
25 August 2009	DRP	\$4.02	5% discount
20 February 2009	DRP	\$3.07	5% discount
15 August 2008	DRP	\$4.10	
16 February 2008	DRP	\$5.05	
9 August 2007	DRP	\$5.11	
12 March 2007	DRP	\$4.78	
11 October 2006	Rights issue	\$4.00	1 to 5 rights issue
10 August 2006	DRP	\$4.62	
8 March 2006	DRP	\$4.29	
26 August 2005	DRP	\$3.95	
16 March 2005	DRP	\$3.68	
26 August 2004	DRP	\$3.43	
9 July 2004	Convertible note issue	\$3.90	Issue of \$3.90 convertible notes maturing 30 September 2009
5 March 2004	DRP	\$3.48	
22 December 2003	SAP	\$3.22	
22 August 2003	DRP	\$3.50	
7 March 2003	DRP	\$3.27	
19 December 2002	SAP	\$3.14	
19 August 2002	DRP	\$3.57	
7 March 2002	DRP	\$3.73	
4 October 2001	SAP	\$3.51	
29 June 2001	DRP	\$3.53	
8 March 2001	DRP	\$3.15	
16 August 2000	DRP	\$3.27	
27 April 2000	SAP	\$3.28	
7 March 2000	DRP	\$3.47	
11 August 1999	DRP	\$3.54	
28 April 1999	SAP	\$3.36	SAP = Share Acquisition Plan
15 March 1999	DRP	\$3.47	
11 September 1998	DRP	\$3.27	
27 March 1998	DRP	\$3.60	
30 October 1997	Rights issue	\$4.00	1 to 5 rights issue of convertible notes
11 September 1997	DRP	\$3.35	
27 March 1997	DRP	\$2.76	
13 September 1996	DRP	\$2.58	
29 March 1996	DRP	\$2.73	
27 September 1995	DRP	\$2.47	
22 June 1995	New issue	\$2.60	
24 March 1995	DRP	\$2.34	
23 September 1994	DRP	\$2.34	
21 June 1994	New issue	\$2.57	
31 March 1994	DRP	\$2.56	
24 September 1993	DRP	\$2.30	
26 March 1993	DRP	\$2.13	
25 September 1992	DRP	\$2.17	DRP = Dividend Reinvestment Plan
1 January 1992	New issue	\$2.29	
18 June 1990	New issue	\$2.00	
9 April 1990	New issue	\$2.00	
22 December 1989	Initial allotment	\$2.00	

Company Particulars

Djerriwarrh Investments Limited (DJW)
ABN 38 006 862 693

Directors

John Paterson, Chairman
Robert M Freeman, Managing Director
Robert J Edgar
Kathryn J Fagg
Graham B Goldsmith
Alice JM Williams
Karen J Wood

Company Secretaries

Matthew J Rowe
Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office and Mailing Address

Level 21, 101 Collins Street
Melbourne Victoria 3000

Contact Details

Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@djerri.com.au
Website djerri.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

Telephone 1800 780 784 (toll free)

Share Registrar

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

Shareholder

Enquiry Line 1300 653 915
+61 3 9415 4190 (from overseas)

Facsimile (03) 9473 2500

Website investorcentre.com/au/contact

For all enquiries relating to shareholdings, dividends and related matters, please contact the Share Registrar as above.

Securities Exchange Code

DJW Ordinary shares

Shareholder Meetings

Annual General Meeting

Time 10.00am
Date Thursday 11 October 2018
Venue ZINC Federation Square
Location Corner of Swanston Street and Flinders Street
Melbourne

Sydney Shareholder Meeting

Time 2.30pm
Date Monday 15 October 2018
Venue Four Seasons Hotel
Location 199 George Street
Sydney

Adelaide Shareholder Meeting

Time 2.30pm
Date Friday 19 October 2018
Venue Adelaide Convention Centre
Location Panorama Rooms, North Terrace
Adelaide

Brisbane Shareholder Meeting

Time 2.30pm
Date Monday 22 October 2018
Venue Brisbane Hilton
Location 190 Elizabeth Street
Brisbane





Annual
Review
2018



Djerriwarrh Investments Limited is a listed investment company (LIC) investing in a diversified portfolio of Australian and New Zealand equities. For stocks where there is an options market, the Company often uses exchange traded and over-the-counter options to enhance the income return to investors.

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Year in Summary

Profit for the Year

\$31.4m

Down 6.6% from 2017

Total Shareholder Return

-2.8%

Share price plus dividend

Net Operating Result

\$36.0m

Up 6.4% from 2017

Management Expense Ratio

0.44%

0.46% in 2017

Fully Franked Dividend

10¢ 20¢

Final

Total

Same as 2017

Total Portfolio

\$760.5m

Including cash at 30 June

\$752.3 million in 2017

Total Portfolio Return

11.7% Including franking*

S&P/ASX 200 Accumulation Index
+14.6% including franking*

* Assumes a shareholder can take full advantage of the franking credits.

5 Year Summary

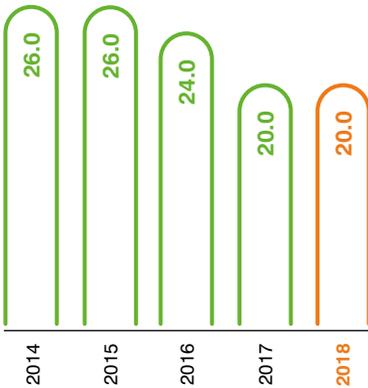
Net Profit After Tax (\$ Million)



Net Operating Result After Tax (\$ Million)



Dividends Per Share (Cents)^(b)



Net Asset Backing Per Share (Cents)^(c)



**Investments at Market Value
(\$ Million)^(a)**



**Number of Shareholders
(30 June)**



Notes

(a) Excludes cash.

(b) All dividends were fully franked. For 2018 the dividend carried attributable LIC gain of 14.28 cents per share. For 2017 it was 7.14 cents, for 2016 it was also 7.14 cents per share, for 2015 and 2014 it was 10.0 cents per share.

(c) Net asset backing per share based on year-end data before the provision for the final dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non-current investments had been sold at balance date as Directors do not intend to dispose of the portfolio.

About the Company

Djerriwarrh Investments Limited is a listed investment company (LIC) investing in a diversified portfolio of Australian and New Zealand equities.

For stocks where there is an options market, the Company often uses exchange traded and over-the-counter options to enhance the income return to investors.

In undertaking this option activity the Company is likely to change the profile of returns experienced from the market by producing more immediate fully franked income at the expense of some potential capital growth in the future.

Investment Aims

Djerriwarrh aims to provide shareholders with attractive investment returns through access to fully franked dividends and growth in capital invested.

In this regard the primary investment goals are:

- to pay a higher level of fully franked dividend than is available from the market in general; and
- to provide attractive total return including capital growth over the medium to long term.

Approach to Investing

The investment philosophy is built on taking a medium to long-term view on holding positions in the portfolio with an emphasis on identifying quality companies that are likely to sustainably grow their earnings and dividends over this timeframe.

How Djerriwarrh Invests – What We Look For in Companies



Quality in this context is an outcome of our assessment of the board and management as well as some key financial metrics such as the level of gearing in the balance sheet, product margins and free cash flow. The structure of the industry and a company's competitive position in this industry are also an important indicator of quality.

Linked to this assessment of quality is the ability of companies to grow earnings over time, which ultimately should produce good dividend growth.

The view of value of a company is not just based on short-term measures of the price earnings ratio and other valuation metrics; rather, value is assessed against Djerriwarrh's long-term investment horizon.

The final component of the Company's ability to pay a higher yield is its approach to selling options over part of its investment and trading portfolios. This generates current income from the option premium Djerriwarrh receives for selling the options.

The amount that the Company receives from selling options depends on a number of factors:

- level of volatility in share price anticipated for the underlying stock;
- level of the option exercise price and particularly how far it is from the current share price;
- time to expiry – i.e. how far the option has to run;
- level of interest rates: the lower interest rates are, other things being equal, the lower the option premium received; and
- the percentage of the portfolio over which we are prepared to sell options.

It is our preference for the options to either lapse at expiry, or prior to exercise, to seek to buy the options back and sell new options further out and preferably at a higher exercise price. From time to time, where the share price increases strongly, we do take

decisions to allow the shares to be exercised when we have formed the view that it is in the shareholders' best interest to allow that to occur. Gains or losses on disposals of investments upon the exercise of such options, after applicable tax, are taken to the realised capital gains reserve. Any gains when taxed are available for distribution to shareholders. It should be noted option positions are monitored daily and the portfolio is managed to try and maintain an appropriate balance between capital growth and income generation.

In undertaking this option activity in strongly rising markets, shareholders are potentially giving up some of the possible capital growth that may occur in company share prices as a result of receiving higher income more immediately. Alternatively, in falling markets, income from options can offset some of the loss from declining share prices.

Djerriwarrh also has access to lines of credit which allows the Company to gear its Balance Sheet when appropriate investment returns are available to enhance shareholder returns. When it is appropriate, exposure to rising interest rates is also capped.



Review of Operations and Activities

Profit

Profit for the year was \$31.4 million, down 6.6 per cent from \$33.7 million in the corresponding period last year. The major reason for the decline was an increase in unrealised losses from call option positions (these losses can arise when prices on the underlying stocks increase in value, but often reduce as options approach expiry). There was also a reduction in contribution of the trading portfolio compared with the prior corresponding period, as the gains made last year were not repeated this year. In contrast, there was an increase in dividends received, following adjustments to the portfolio, as well as a large uplift in income from material and energy companies.

Increased volatility during various stages of the second half, as well as the maintenance of option coverage towards the higher end of the normal range, also saw an improvement in option income. This was despite a number of call option positions being bought back and moved into the new financial year at higher exercise prices to capture more of the potential capital upside of these holdings. This had the effect of shifting some option premium income into the new financial year. In this context, the uplift in option income was very satisfactory.

The net operating result for the year was \$36.0 million, up 6.4 per cent from \$33.8 million in the prior corresponding period. In the opinion of the Directors, this is a better measure of Djerriwarrh's performance in deriving ongoing

investment, trading and options income from the Company's portfolios as it excludes the valuation impact of net unrealised losses on open option positions at year end.

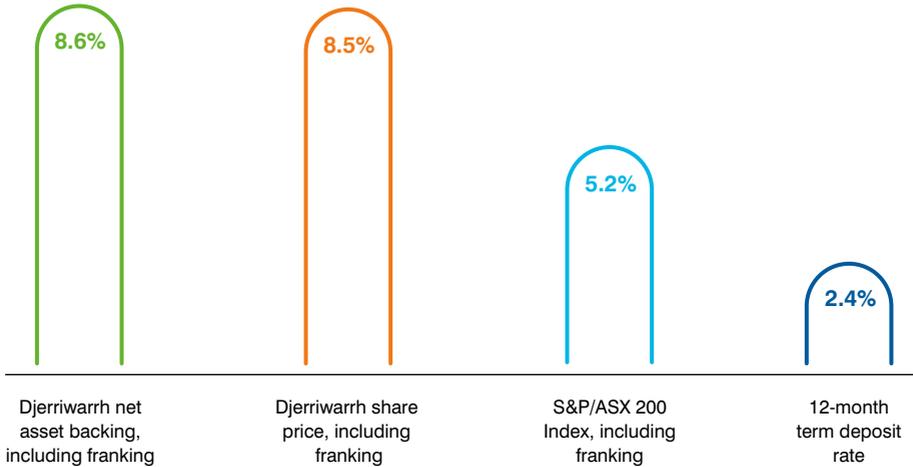
Dividend

Djerriwarrh's final dividend has been maintained at 10 cents per share fully franked, bringing total dividends for the year to 20 cents per share, in line with last year.

Five cents of the final dividend are sourced from taxable capital gains, on which the Company has paid or will pay tax. The amount of the pre-tax attributable gain on this portion of the dividend, known as an 'LIC capital gain', is therefore 7.14 cents. The interim dividend also carried a LIC capital gain of 7.14 cents. This enables some shareholders to claim a tax deduction in their tax return.

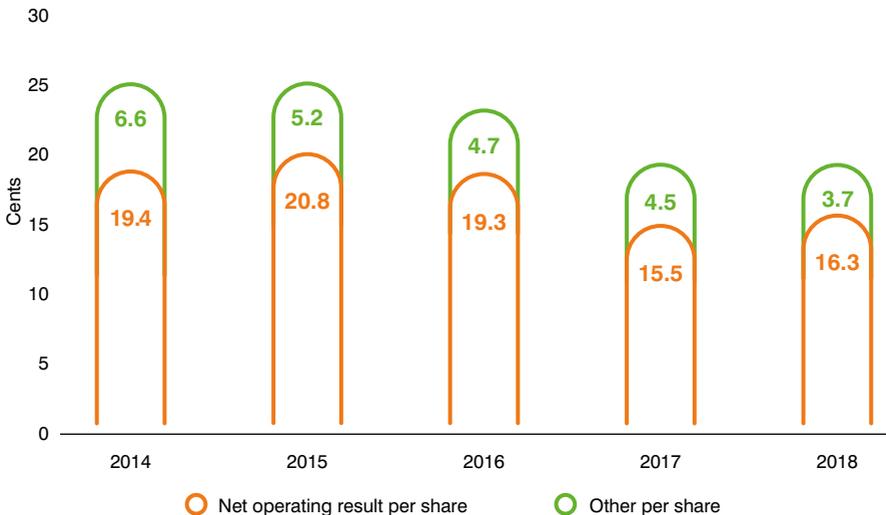
Figure 1 outlines the relative dividend yield on the Company's net asset backing and shares (both fully franked), compared with the S&P/ASX 200 Index (80 per cent franked) and the return currently available for a retail term deposit with the major banks. The yield on net asset backing is important as it highlights the dividend achieved through the underlying investment activity of the Company, including the relative income benefit of the option strategies.

Figure 1: Relative Yield of an Investment in Djerriwarrh at 30 June 2018



Note: Djerriwarrh yield based on 20 cent full year dividend. Assumes an investor can take full advantage of the franking credits. S&P/ASX 200 Index 80 per cent franked.

Figure 2: Sources of the Dividend Paid



Review of Operations and Activities *continued*

Figure 2 illustrates that the Company's annual dividends are sourced from the operating result and from taxable realised gains generated from the sale of holdings primarily associated with the Company's option activity. These taxable realised gains also contribute to the generation of franking credits.

The chart highlights the trend over recent years where income from dividends received has fallen, although it was pleasing to see a slight reversal of this trend over the financial year. Nevertheless, realised gains remain an important contributor to the dividend.

Portfolio Returns

The Australian equity market produced a positive return of 13 per cent over the year to 30 June 2018, driven largely by the resources sector, which was up 41 per cent over the period as material and energy stocks performed strongly on the back of relatively robust global growth, as well as a tightening in supply across key commodities (Figure 3). In addition, there were strong performances from CSL and Macquarie Group, which benefited from their unique exposure to global markets.

In contrast, other key sectors that have produced a large proportion of market dividends, struggled to achieve growth. In particular, returns were hindered by the performance of Telstra, as it deals with the commercial impacts of the NBN and the competitive environment in mobile, and the banking sector, which is facing more subdued operating conditions as well as the implications arising from the Royal Commission.

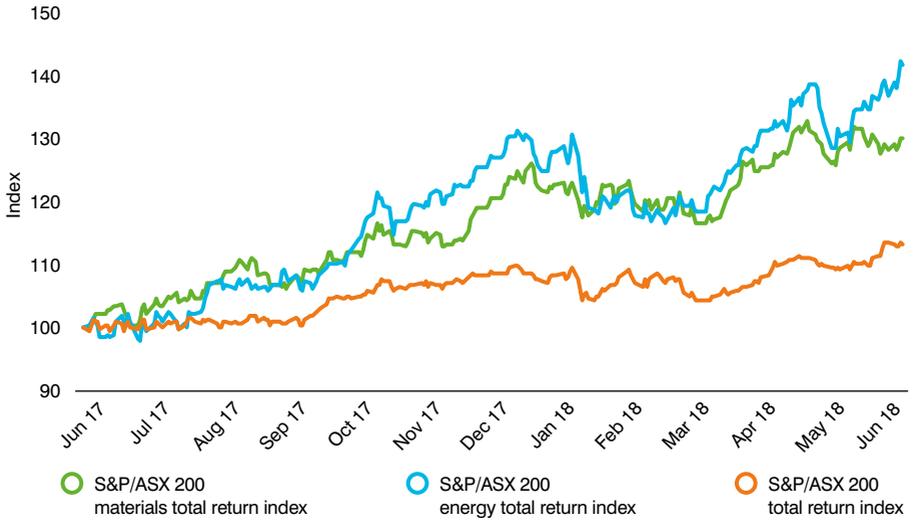
Djerriwarrh's portfolio return (Figure 4) including franking for the 12 months to 30 June 2018 was 11.7 per cent, whereas the return from cash, as measured by the Bank Bill Index, was 1.8 per cent and the S&P/ASX 200 Accumulation Index return including franking was 14.6 per cent (franking added 2.9 per cent to Djerriwarrh's return and 1.6 per cent to the Index).

“

Djerriwarrh's final dividend has been maintained at 10 cents per share fully franked, bringing total dividends for the year to 20 cents per share, in line with last year.

”

Figure 3: Performance of S&P/ASX 200 Relative to the Energy and Materials Sectors

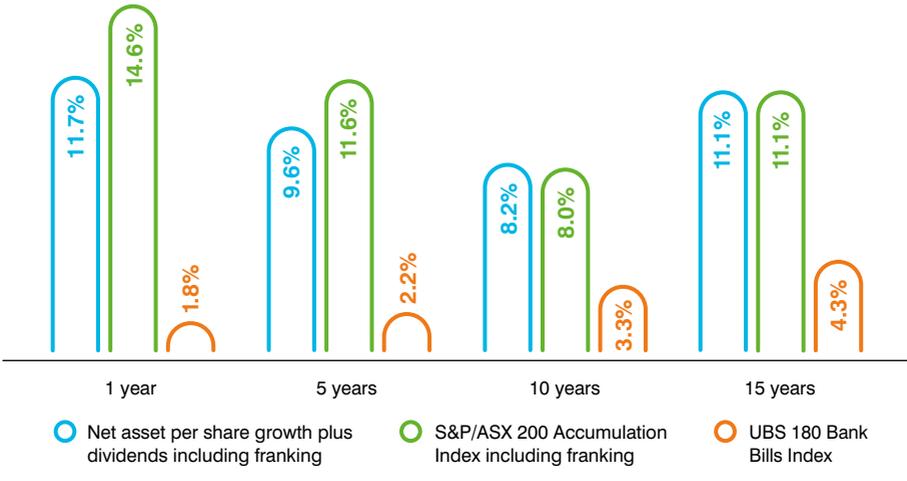


Source: FactSet



Review of Operations and Activities continued

Figure 4: Portfolio Performance to 30 June 2018 – Per Annum Returns*, Including the Benefit of Franking Credits



* Assumes an investor can take full advantage of the franking credits. Past performance is not indicative of future performance.

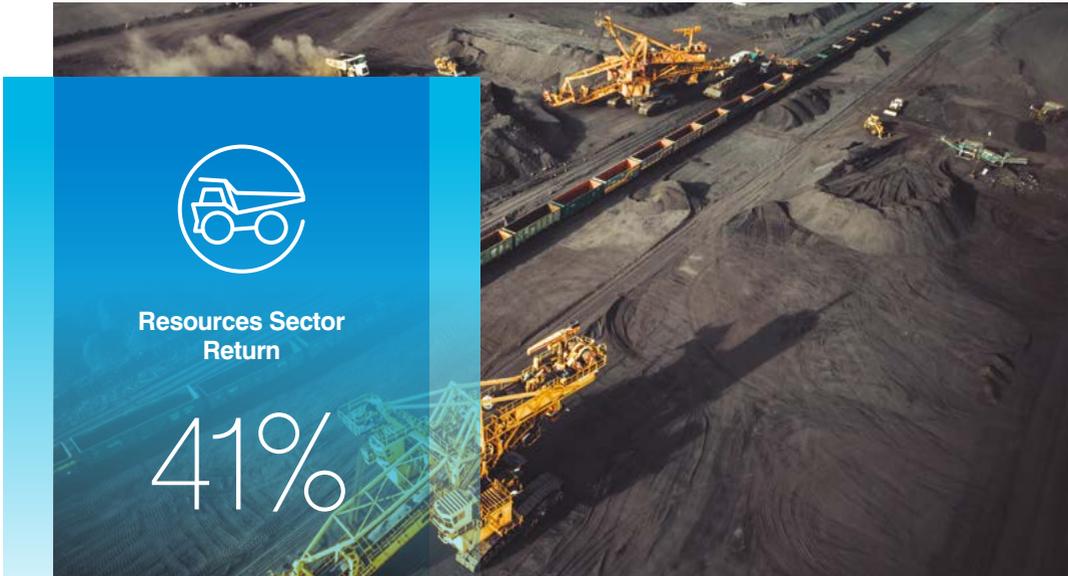
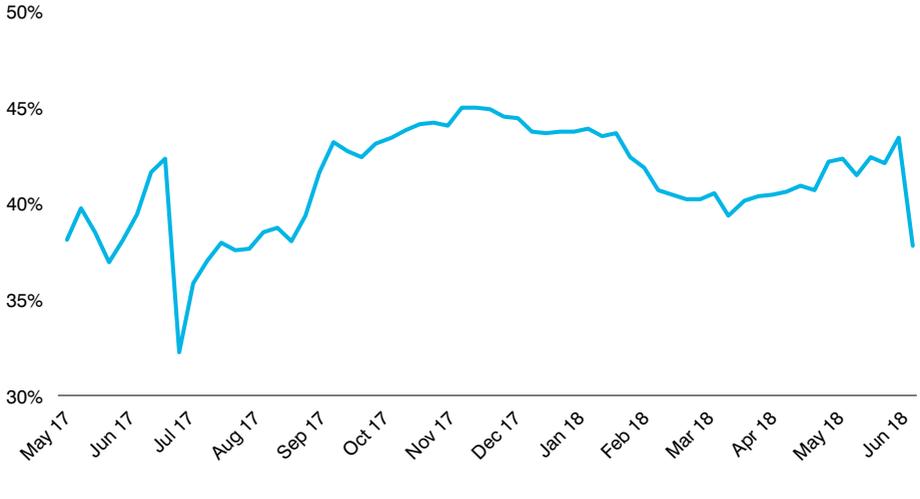
Note: Djerriwarrh's net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax paid on realised sales of investments. It should be noted that Index returns for the S&P/ASX 200 do not include management expenses and tax.

Djerriwarrh typically has call options written over 30 per cent to 50 per cent of the portfolio (average coverage for the year was 43 per cent, and was 39 per cent at the end of June following the exercise of some call options – Figure 5). In a relatively strong market, the portfolio return normally would be below the S&P/ASX 200 Accumulation Index as call option positions can limit the amount of capital growth into the market strength, particularly as it becomes uneconomic to buy back in-the-money positions.

In addition, a large part of the return in the resources sector came from the small and mid cap resources, which were up 49.0 per cent and 42.3 per cent respectively. These segments of the market are not typically within Djerriwarrh's investment universe given the absence of fully franked dividends and an options market.

The more significant contributors to Djerriwarrh's portfolio performance over the year were BHP, CSL, Macquarie Group, Wesfarmers and Rio Tinto.

Figure 5: Option Coverage



Review of Operations and Activities continued

Portfolio Adjustments

There were several factors influencing activity in the portfolio over the year.

A number of large companies are facing growth headwinds, which means a more subdued outlook for their dividends. In this context, Djerriwarrh repositioned the portfolio by adding to holdings with a better outlook for dividend growth whilst reducing some positions where growth is more challenged. Purchases included Macquarie Group and Sydney Airport, whilst sales arose across several holdings, including Telstra, QBE Insurance and Healthscope, and the complete disposal of Incitec Pivot. In addition, in the rising market where a number of holdings with option positions rose strongly, purchases were made in advance of the likely exercise of these call options. This included companies such as BHP, CSL, Macquarie Group and Woolworths.

Several new companies were added to the portfolio during the year, including Janus Henderson Group, Atlas Arteria, Reliance Worldwide and Ansell:

- Janus Henderson Group is a global asset management group headquartered in the United Kingdom. It offers a range of financial products to individuals, intermediary advisers and institutional investors globally under the trade name Janus Henderson Investors. The group's holding company, Janus Henderson Group plc, is dual-listed on the New York Stock Exchange and the Australian Securities Exchange.
- Atlas Arteria changed its name from Macquarie Atlas Roads after an agreement with the Macquarie Group to bring management in-house. The company is one of the world's largest developers and operators of private toll roads with assets in France, Germany and the United States.
- Reliance Worldwide is the world's largest manufacturer of push to connect brass plumbing fittings and specialist water control valves. It operates across a number of markets, including Australia and the United States. The company recently acquired John Guest Holdings which is headquartered in the United Kingdom and is a global leader in plastic push to connect fittings with products distributed worldwide. The acquisition of John Guest is aligned with Reliance's strategy to add complementary products and expand its market presence, particularly in Europe.
- Ansell is a healthcare safety and protection solutions company, which designs, develops, manufactures and markets a wide range of surgical, examination, industrial and household gloves and protective clothing globally.

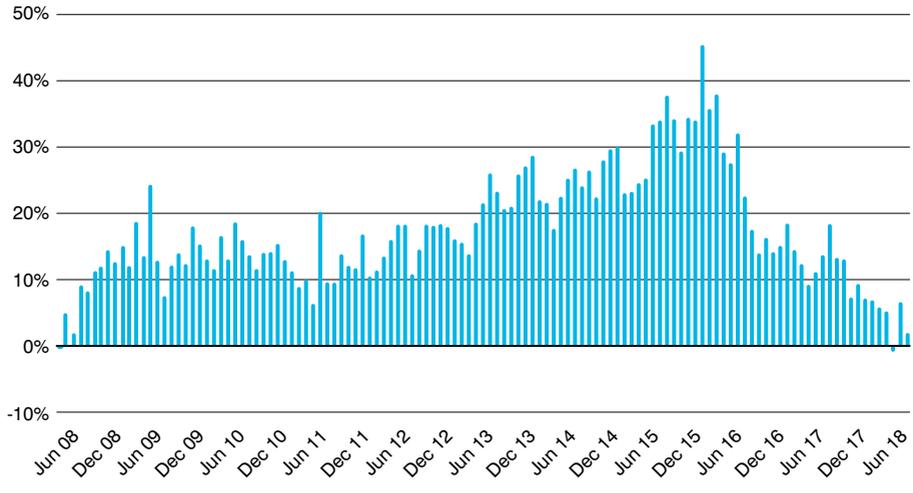
Purchases for the year totalled \$194.7 million and sales equalled \$203.6 million.

Djerriwarrh utilises debt to take advantage of returns from the investment opportunities on offer. At 30 June 2018, the Company had \$109.5 million of debt with a cash or near cash position of \$81.1 million.

Share Price

The Djerriwarrh share price premium (Figure 6) has fallen over the year as investors continued to respond to a reduced dividend from previous years. At 30 June 2018, the share price was trading close to net asset backing.

Figure 6: Share Price Premium/Discount to Net Asset Backing



Review of Operations and Activities continued

Moving Forward

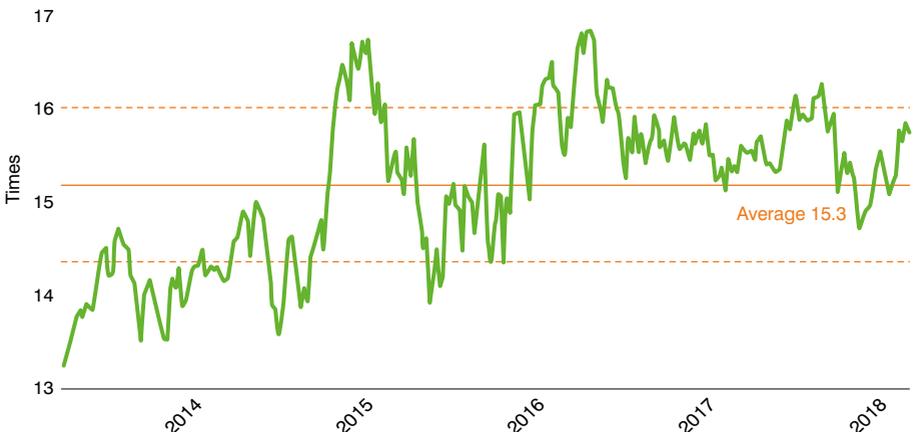
With the Australian market trading at 10-year highs and with valuations across many companies also high (Figure 7), Djerriwarrh will continue to keep option coverage toward the upper end of the typical range of 30 per cent to 50 per cent of the portfolio.

In particular, for those holdings that provide good dividend income but are more challenged for growth, such as the banks, option coverage is likely to be higher than the average. In contrast where there is the case for higher earnings growth and growing dividends the option coverage will be more likely to be lower.

The other important factor that Djerriwarrh considers in its option writing activities is the level of volatility. For some time, this has been low, as economic conditions

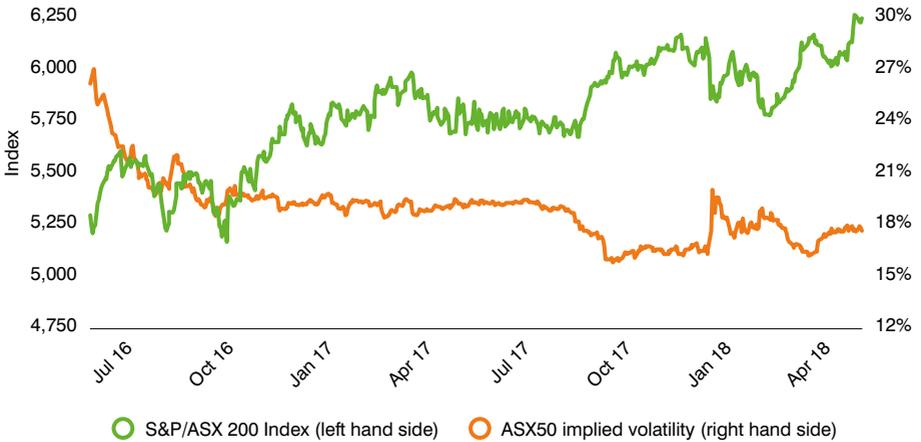
remain very favourable, particularly in the United States. This has helped drive global markets, including Australia, higher (Figure 8). Volatility could well increase over coming months as the Federal Reserve looks to increase interest rates from low levels, although this appears to be well understood by the market. A more likely scenario for a substantive uplift in volatility is the uncertainty surrounding the global political environment, where issues such as trade tariffs have become more dominant, a factor which markets have largely ignored to date.

Figure 7: Price Earnings Ratio of the S&P ASX 200 Index



Source: FactSet

Figure 8: Australian Market Volatility Relative to the Movement in the S&P ASX 200 Index



Directorship Matters

As previously announced in September 2017 and detailed in the Company’s December Half-Yearly Review, Ross Barker retired as Managing Director and Chief Executive Officer (CEO) on 31 December 2017. Mark Freeman who was previously the Chief Investment Officer of Djerriwarrh Investments became the Managing Director and CEO of the Company on 1 January 2018.

Mr Graham Kraehe and Mr Andrew Guy also retired from the Board with effect from the 10 October 2017 and 19 April 2018 respectively.

The Board wishes to record its deep appreciation to Messrs Barker, Kraehe and Guy for their contributions to the Board and years of valued service and to wish them well for the future.

Top 20 Investments

As at 30 June 2018

Includes investments held in both the investment and trading portfolios.

Valued at Closing Prices at 29 June 2018

	Total Value \$ Million	% of the Portfolio
1 Commonwealth Bank of Australia*	62.7	8.3
2 Westpac Banking Corporation*	58.5	7.7
3 BHP*	43.7	5.8
4 National Australia Bank*	38.0	5.0
5 Australia and New Zealand Banking Group*	37.6	5.0
6 CSL*	29.2	3.9
7 Wesfarmers*	27.4	3.6
8 Macquarie Group*	23.8	3.1
9 Brambles*	17.7	2.3
10 Rio Tinto*	16.9	2.2
11 Oil Search*	15.9	2.1
12 Woodside Petroleum*	15.7	2.1
13 James Hardie Industries*	15.6	2.1
14 Transurban Group*	15.1	2.0
15 Woolworths Group*	14.9	2.0
16 Suncorp Group*	14.6	1.9
17 Sydney Airport*	14.0	1.8
18 Amcor*	13.9	1.8
19 Telstra Corporation	13.2	1.7
20 Qube Holdings*	11.7	1.5
Total	500.1	

As a percentage of total portfolio value (excludes cash)

65.9%

* Indicates that options were outstanding against part of the holding.

Income Statement

For the Year Ended 30 June 2018

	2018	2017
	\$'000	\$'000
Dividends and distributions	34,297	30,570
Revenue from deposits and bank bills	169	352
Other revenue	-	15
Total revenue	34,466	30,937
Net gains on trading portfolio	70	2,278
Income from options written portfolio	11,693	10,938
Income from operating activities	46,229	44,153
Finance costs	(3,220)	(3,059)
Administration expenses	(3,494)	(3,586)
Operating result before income tax	39,515	37,508
Income tax	(3,509)	(3,666)
Net operating result	36,006	33,842
Net capital gains/(losses) on investments		
Net losses on open options positions	(6,515)	(235)
Tax credit on above	1,954	71
	(4,561)	(164)
Profit for the year	31,445	33,678
	Cents	Cents
Net operating result per share	16.34	15.46
Profit for the year per share	14.27	15.39

Balance Sheet

As at 30 June 2018

	2018 \$'000	2017 \$'000
Current assets		
Cash	2,025	8,378
Receivables	79,124	44,587
Tax refund due	468	-
Total current assets	81,617	52,965
Non-current assets		
Investment portfolio	770,067	750,239
Deferred tax assets	1,416	-
Deferred tax asset – investment portfolio	-	4,619
Shares in associate	717	419
Total non-current assets	772,200	755,277
Total assets	853,817	808,242
Current liabilities		
Payables	471	1,412
Tax payable	-	226
Borrowings – cash advance facilities	109,500	84,500
Interest-rate hedging contracts	210	437
Options written portfolio	11,571	6,318
Total current liabilities	121,752	92,893
Non-current liabilities		
Deferred tax liabilities	-	466
Deferred tax liabilities – investment portfolio	4,344	-
Total non-current liabilities	4,344	466
Total liabilities	126,096	93,359
Net assets	727,721	714,883
Shareholders' equity		
Share capital	642,268	636,888
Revaluation reserve	60,297	40,612
Realised capital gains reserve	(31,223)	(9,298)
Retained profits	56,589	47,118
Interest-rate hedging reserve	(210)	(437)
Total shareholders' equity	727,721	714,883

Summarised Statement of Changes in Equity

For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
Total equity at the beginning of the year	714,883	695,058
Dividends paid	(43,947)	(52,462)
Shares issued – Dividend Reinvestment Plan	5,401	2,691
Cost of share issues	(21)	(28)
Total transactions with shareholders	(38,567)	(49,799)
Profit for the year	31,445	33,678
Revaluation of investment portfolio	28,718	50,584
Provision for tax on revaluation	(8,985)	(15,311)
Net revaluation of investment portfolio	19,733	35,273
Net movement in fair value for interest rate swaps	227	673
Total comprehensive income for the year	51,405	69,624
Realised gains/(losses) on securities sold	70	(3,027)
Tax expense on realised gains or losses on securities sold	(22)	(635)
Net realised gains/(losses) on securities sold	48	(3,662)
Transfer from revaluation reserve to realised gains reserve	(48)	3,662
Total equity at the end of the year	727,721	714,883

A full set of Djerriwarrh's final accounts are available on the Company's website.

Holdings of Securities

As at 30 June 2018

Details of the Company's portfolios are given below. The list should not be used to evaluate portfolio performance or to determine the net asset backing per share (which is advised to the Australian Securities Exchange each month and recorded on the toll free telephone service at 1800 780 784).

Individual holdings in the portfolios may change significantly during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units, stapled securities or convertible notes.

Code	Company Name	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
AGL*	AGL Energy	174	329	7,245
ALQ*	ALS	502	412	3,050
ALX*	Atlas Arteria	0	750	4,794
AMC*	Amcor	731	978	13,937
AMH	AMCIL	10,599	10,599	10,175
AMP	AMP	2,242	1,602	5,704
ANN*	Ansell	0	151	3,987
ANZ*	Australia and New Zealand Banking Group	1,200	1,352	37,641
APA	APA Group	326	131	1,291
ASX*	ASX	79	77	4,866
AUB	AUB Group	598	598	8,114
AWC*	Alumina	2,725	2,775	7,633
AZJ*	Aurizon Holdings	445	445	1,912
BHP*	BHP	1,861	1,299	43,702
BKW*	Brickworks	0	190	2,907
BLD*	Boral	409	961	6,227
BXB*	Brambles	1,998	1,998	17,662
CAR*	Carsales.com	180	248	3,605
CBA*	Commonwealth Bank of Australia	810	867	62,681
CCL*	Coca-Cola Amatil	550	150	1,345
CGF*	Challenger	492	975	11,447

Code	Company Name	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
COH*	Cochlear	18	10	1,913
CPU*	Computershare	477	247	4,509
CSL*	CSL	184	152	29,242
CTX*	Caltex Australia	190	312	9,940
CYB*	CYBG Plc	1,290	890	4,795
DLX*	DuluxGroup	0	259	1,960
FNP	Freedom Foods Group	359	475	3,197
FPH*	Fisher & Paykel Healthcare Corporation	181	81	1,044
GMG*	Goodman Group	0	275	2,611
HSO*	Healthscope	2,933	700	1,452
IAG*	Insurance Australia Group	962	682	5,755
IRE*	IRESS	436	551	6,402
IVC	InvoCare	0	175	2,405
JHG*	Janus Henderson	0	175	7,268
JHX*	James Hardie Industries	639	691	15,564
LIC	Lifestyle Communities	624	518	3,031
LNK	Link Administration Holdings	284	300	2,199
MFT	Mainfreight	400	250	6,368
MIR	Mirrabooka Investments	4,169	4,108	11,051
MQG*	Macquarie Group	125	197	23,769
NAB*	National Australia Bank	1,188	1,394	38,020
ORA*	Orora Limited	750	1,128	3,864
ORG*	Origin Energy	665	673	6,554
ORI*	Orica	238	238	4,192
OSH*	Oil Search	2,150	1,871	15,902
PPT*	Perpetual	87	97	4,018
QAN*	Qantas Airways	0	425	2,599
QBE*	QBE Insurance Group	1,165	590	5,712
QUB*	Qube Holdings	5,016	5,016	11,743
REA	Realestate.com	15	9	818
REH	Reece Australia	0	137	1,734
RHC*	Ramsay Health Care	72	79	4,233

Holdings of Securities continued

As at 30 June 2018

Code	Company Name	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
RIO*	Rio Tinto	287	206	16,909
RMD*	Resmed	360	165	2,303
RWC	Reliance Worldwide	0	750	4,020
S32*	South32	3,210	1,835	6,511
SCG*	Scentre Group	2,125	2,280	9,727
SEK*	Seek	730	420	9,150
SHL*	Sonic Healthcare	296	395	9,593
SUN*	Suncorp Group	670	1,025	14,567
SYD*	Sydney Airport	592	1,979	13,984
TCL*	Transurban Group	783	1,285	15,099
TLS	Telstra Corporation	6,125	5,030	13,179
TPM	TPG Telecom	1,035	538	2,779
TWE*	Treasury Wine Estates	532	264	4,534
URW	Unibail-Rodamco-Westfield	0	376	5,518
VCX*	Vicinity Centres	2,170	1,980	5,077
WBC*	Westpac Banking Corporation	2,075	2,015	58,529
WES*	Wesfarmers	644	594	27,369
WLL	Wellcom Group	400	400	1,760
WOR*	WorleyParsons	0	205	3,503
WOW*	Woolworths Group	511	501	14,943
WPL*	Woodside Petroleum	400	461	15,658
Total				758,496

* Indicates that options were outstanding against part or all the holding.

Major Transactions in the Investment Portfolio

Acquisitions	Cost \$'000
Macquarie Group	15,306
BHP	12,259
CSL	11,873
Sydney Airport	11,040
Woolworths Group	8,189

Sales	Proceeds \$'000
BHP*	27,355
CSL*	16,417
Rio Tinto* (including \$1.95 million in off-market buy-back)	10,280
Westfield Corporation (takeover by Unibail-Rodamco)	9,076
Woolworths Group*	8,661

* Sales as result of the exercise of call options.

New Companies Added to the Investment Portfolio

Janus Henderson Group
Unibail-Rodamco-Westfield
Atlas Arteria
Reliance Worldwide
Ansell
Worley Parsons
Qantas Airways
Goodman Group
Brickworks
InvoCare
DuluxGroup
Reece

Company Particulars

Djerriwarrh Investments Limited (DJW)
ABN 38 006 862 693

Directors

John Paterson, Chairman
R Mark Freeman, Managing Director
Robert J Edgar
Kathryn J Fagg
Graham B Goldsmith
Alice JM Williams
Karen J Wood

Company Secretaries

Matthew J Rowe
Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office and Mailing Address

Level 21, 101 Collins Street
Melbourne Victoria 3000

Contact Details

Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@djerri.com.au
Website djerri.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

Telephone 1800 780 784 (toll free)

Share Registrar

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

Shareholder

Enquiry Line 1300 653 915
+61 3 9415 4190 (from overseas)
Facsimile (03) 9473 2500
Website investorcentre.com/au/contact

For all enquiries relating to shareholdings, dividends and related matters, please contact the Share Registrar as above.

Securities Exchange Code

DJW Ordinary shares

Shareholder Meetings

Annual General Meeting

Time 10.00am
Date Thursday 11 October 2018
Venue ZINC Federation Square
Location Corner of Swanston Street and Flinders Street
Melbourne

Sydney Shareholder Meeting

Time 2.30pm
Date Monday 15 October 2018
Venue Four Seasons Hotel
Location 199 George Street
Sydney

Adelaide Shareholder Meeting

Time 2.30pm
Date Friday 19 October 2018
Venue Adelaide Convention Centre
Location Panorama Rooms, North Terrace
Adelaide

Brisbane Shareholder Meeting

Time 2.30pm
Date Monday 22 October 2018
Venue Brisbane Hilton
Location 190 Elizabeth Street
Brisbane

The Annual Report for 2018 is available on Djerriwarrh's website djerri.com.au or by contacting the Company on (03) 9650 9911.





The Annual General Meeting of Djerriwarrh Investments Limited (ABN: 38 006 862 693, 'Company') will be held at:

ZINC at Federation Square, Corner of Swanston Street and Flinders Street, Melbourne, Victoria 3000 at 10.00am (AEDT) on Thursday 11 October 2018.

The Company has determined that, for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register at 7.00pm (AEDT) on Tuesday 9 October 2018.

Notice of Annual General Meeting 2018



Djerriwarrh
AUSTRALIAN EQUITIES, ENHANCED YIELD

BUSINESS OF THE MEETING

1. Financial Statements and Reports

To consider the Directors' Report, Financial Report and Independent Audit Report for the financial year ended 30 June 2018.

(Please note that no resolution will be required to be passed on this matter.)

2. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

That the Remuneration Report for the financial year ending 30 June 2018 be adopted.

(Please note that the vote on this item is advisory only.)

3. Re-election of Director

To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

"That Mr Robert Edgar, a Director retiring from office in accordance with Rule 46 of the Constitution, being eligible is re-elected as a Director of the Company."

4. Re-election of Director

To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

"That Ms Alice Williams, a Director retiring from office in accordance with Rule 46 of the Constitution, being eligible is re-elected as a Director of the Company."

5. Renewal of Proportional Takeover Provisions in the Constitution

To consider and, if thought fit, pass the following resolution (as a special resolution):

"That, pursuant to sections 136(2) and 648G of the *Corporations Act 2001* (Cth), the proportional takeover provisions in Rules 79 and 80 of the Company's Constitution are renewed for a period of three years from the date of this meeting."

By Order of the Board



Matthew Rowe
Company Secretary
24 August 2018

Explanatory Notes

IMPORTANT: Shareholders are urged to direct their proxy how to vote by clearly marking the relevant box for each item on the proxy form.

Where permitted, the Chairman of the meeting intends to vote undirected proxies in favour of all items of business.

1. Financial Statements and Reports

During this item there will be a reasonable opportunity for shareholders to ask questions and comment on the Directors' Report, Financial Report and Independent Audit Report for the financial year ended 30 June 2018. No resolution will be required to be passed on this matter.

Shareholders who have not elected to receive a hard copy of the Company's 2018 Annual Report can view or download it from the Company's website at:

djerri.com.au/Company-Reports.aspx

2. Adoption of Remuneration Report

During this item there will be a reasonable opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report, which is contained within the 2018 Annual Report.

The vote on the proposed resolution is an advisory one.

Voting Exclusions on Item 2

Pursuant to sections 250BD and 250R of the *Corporations Act 2001* (Cth), votes may not be cast, and the Company will disregard any votes cast, on the resolution proposed in Item 2 ('Resolution 2'):

- by or on behalf of any member of the key management personnel of the Company (a 'KMP member') whose remuneration details are included in the Remuneration Report, or any of their closely related parties, regardless of the capacity in which the votes are cast; or
- by any person who is a KMP member as at the time Resolution 2 is voted on at the Annual General Meeting, or any of their closely related parties, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on Resolution 2:

- in accordance with a direction in the proxy appointment; or
- by the Chairman of the meeting in accordance with an express authorisation in the proxy appointment to cast the votes even if Resolution 2 is connected directly or indirectly with the remuneration of a KMP member.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman to vote for or against, or to abstain from voting on, Resolution 2 by marking the appropriate box opposite Item 2 on the proxy form.

Pursuant to sections 250BD(2) and 250R(5) of the *Corporations Act 2001*, if the Chairman of the meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite Item 2, the relevant shareholder will be expressly authorising the Chairman to exercise the proxy in relation to Item 2.

For the purposes of these voting exclusions:

- A 'closely related party' of a KMP member means (1) a spouse or child of the KMP member, (2) a child of the KMP member's spouse, (3) a dependant of the KMP member or of the KMP member's spouse, (4) anyone else who is one of the KMP member's family and may be expected to influence the KMP member, or be influenced by the KMP member, in the KMP member's dealings with the Company, or (5) a company the KMP member controls.
- The Company will also apply these voting exclusions to persons appointed as attorney by a shareholder to attend and vote at the Annual General Meeting under a power of attorney, as if they were appointed as a proxy.

The Chairman intends to exercise such proxies by voting them in favour of the adoption of the Remuneration Report. The Board recommends that shareholders vote in favour of adopting the Remuneration Report.

3 and 4 Re-election of Directors

Mr Robert Edgar was elected as a Director by shareholders at the 2015 AGM and as such is required to seek re-election by shareholders at this AGM. Ms Alice Williams was re-elected as a Director by shareholders at the 2016 AGM and is eligible to seek re-election by shareholders at this AGM. Their biographical details are set out below:

**Robert J Edgar
B.Ec (Hons), PHD. Independent Non-Executive Director. Member of the Audit and Investment Committees**

Dr Edgar joined the Board on 26 March 2015. Dr Edgar's initial training was in economics. He spent the majority of his business career at Australia & New Zealand Banking Group Ltd. He retired as Deputy Chief Executive Officer of the bank in 2009. He is a Non-Executive Director of Transurban Limited and Linfox Armaguard Pty Ltd. He also serves as the Chairman of the Hudson Institute of Medical Research and was a former Chairman of Federation Centres Limited. He was also previously a Non-Executive Director of NuFarm Limited, Asciano Limited and three Asian banks connected with the ANZ Group.

**Alice J M Williams
B.Com, FCPA, FAICD, CFA, ASFA AIF. Independent Non-Executive Director. Chair of the Audit Committee**

Ms Williams was appointed to the Board in May 2010. Ms Williams is a Director of Victorian Funds Management Corporation (VFMC), Equity Trustees Limited, Cooper Energy, and Defence Health. She is also a Non-Executive Director of Foreign Investment Review Board (FIRB) and Barristers Chambers Limited.

She was formerly a Director of Port of Melbourne Corporation, Guild Group, Airservices Australia, State Trustees Limited, Western Health, the Australian Accounting Standards Board, Telstra Sale Company and V/Line Passenger Corporation. She previously held senior management positions in the financial services sector including NM Rothschild and Sons (Australia) Limited and JP Morgan Australia.

BUSINESS OF THE MEETING continued

Board recommendation and undirected proxies: The Board (with the exception of each Director in relation to their own re-election) recommends that shareholders vote in **FAVOUR of items 3 to 4**. The Chairman of the meeting intends to vote undirected proxies in **FAVOUR of items 3 to 4**.

Further information regarding the Company's corporate governance arrangements and the Board's role can be found on the Company's website at: djerri.com.au/Corporate-Governance.aspx

5. Renewal of Proportional Takeover Provisions in the Constitution

Background

The *Corporations Act 2001* (Cth) permits a company to include rules in its Constitution which enable the company to refuse to register a transfer of shares resulting from a proportional takeover bid unless shareholders in the bid class in a meeting approve the takeover bid.

It is a requirement of the Corporations Act that such proportional takeover approval provisions in a company's constitution apply for a maximum period of three years, unless earlier renewed. In the case of the Company, such proportional takeover approval provisions (existing Rules 79 and 80 of the Company's Constitution) were approved by shareholders at the 2015 AGM and will expire on 5 October 2018.

The Directors consider that it is in the best interests of shareholders to renew these provisions in their existing form. Accordingly, a special resolution is being put to shareholders under section 648G of the Corporations Act to renew Rules 79 and 80 of the Company's Constitution.

If approved by shareholders at the meeting, Rules 79 and 80 will operate for three years from the date of the meeting (that is, until 11 October 2021) unless renewed earlier.

Proportional Takeover Bids

A proportional takeover bid involves the bidder offering to buy a proportion only of each shareholder's shares in the target company.

This means that control of the target company may pass without members having the chance to sell all their shares to the bidder. It also means the bidder may acquire control of the target company without paying an adequate premium for gaining control.

To address this possibility, a company may provide in its constitution that, in the event of a proportional takeover bid being made for shares in the company, the Directors must convene a meeting of shareholders to vote on a resolution to approve that bid.

A meeting convened under the proportional takeover approval provisions is treated as a general meeting of the company and the majority decision of the company's members will be binding on all individual members.

Effect of Proposed Proportional Takeover Approval Provisions

Where a proportional takeover bid is made, the Directors must convene a meeting of shareholders to vote on a resolution to approve the proportional bid before the 14th day prior to the closing of the bid period.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the takeover bid was made, held bid class shares is entitled to vote. Neither the bidder nor its associates are entitled to vote on the resolution.

If a meeting is not held, section 648E of the Corporations Act deems a resolution approving the proportional bid to have been passed thereby allowing the proportional bid to proceed. Further, the Directors will contravene the Act if they fail to ensure a resolution to approve the bid is voted on.

If the resolution is rejected, the registration of any transfer of shares resulting from that proportional takeover bid will be prohibited and the bid will be deemed to be withdrawn. If the resolution is passed or deemed to have been passed, the transfer of shares resulting from acceptance of an offer under that bid will be permitted and the transfer of shares will be registered provided they comply with the other provisions of the Constitution.

Rules 79 and 80 will not apply to full takeover bids.

Reason for Proposing the Resolution

The Directors consider that the renewal of Rules 79 and 80 is in the best interests of all shareholders of the Company. In the Directors' view, shareholders should have the opportunity to vote on a proposed proportional takeover bid.

In the absence of Rules 79 and 80 (as renewed), a proportional takeover bid for the Company may enable effective control of the Company to be acquired by a party who has not offered to acquire 100 per cent of the Company's shares (and, therefore, has not offered to pay a 'control premium' that reflects 100 per cent ownership).

As a result, if a proportional takeover bid for the Company is made:

- shareholders may not have the opportunity to dispose of all their shares; and
- shareholders risk being locked into a minority position in the Company or suffering loss following such a change of control if the bid causes a decrease in the market value of shares.

If Rules 79 and 80 are renewed, the Board considers that this risk will be minimised by enabling shareholders to decide whether or not a proportional takeover bid should be allowed to proceed.

Present Acquisition Proposals

As at the date of this notice, the Directors are not aware of any proposal by any person to acquire, or increase the extent of, a substantial interest in the Company.

Review of Proportional Takeover Approval Provisions

The Corporations Act requires these explanatory notes to discuss retrospectively the potential advantages and disadvantages of the proportional takeover approval provisions for both Directors and shareholders.

While the proportional takeover approval provisions have been in effect, there have been no takeover bids for the Company – either proportional or otherwise. So there are no actual examples against which to review the advantages and disadvantages of the existing proportional takeover approval provisions for the Directors and shareholders of the Company. The Directors are not aware of any potential takeover bid which was discouraged by Rules 79 and 80.

Advantages and Disadvantages

In addition to looking at the provisions retrospectively, the Corporations Act also requires these explanatory notes to discuss the potential future advantages and disadvantages of the proposed proportional takeover approval provisions for both Directors and shareholders.

The Directors consider that there are no advantages or disadvantages for the Directors in renewing the proposed proportional takeover approval provisions. In particular, there is no restriction on their ability to make a recommendation on whether a proportional takeover bid should be accepted.

For shareholders, the potential advantage of renewing the proportional takeover approval provisions is that they provide shareholders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved. This ensures that shareholders have an opportunity to have a say in the future ownership and control of the Company. The Directors believe that this would encourage any future proportional bids to be structured so as to be attractive to a majority of

shareholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic. Finally, knowing the view of a majority of the shareholders may help each individual shareholder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

A potential disadvantage for shareholders arising from renewing the proportional takeover approval provisions is that they may discourage proportional takeover bids being made and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a proportional bid being made. As a result, shareholders may not have the opportunity to dispose of a portion of their shares at an attractive price where the majority rejects an offer from a party seeking control of the Company.

The Directors consider that the potential advantages for shareholders of the proposed proportional takeover approval provisions outweigh the potential disadvantages.

Shareholder Approval

To pass as a special resolution, this item of business requires the support of 75 per cent or more of the votes cast on the resolution.

Board recommendation and undirected proxies: The Board recommends that shareholders vote in FAVOUR of Item 5. The Chairman of the meeting intends to vote undirected proxies in FAVOUR of Item 5.

Shareholder Information

Proxies

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, vote and speak in the shareholder's place and to join in any demand for a poll.
2. Where a shareholder appoints more than one representative, proxy or attorney, those appointees are entitled to vote on a poll but not on a show of hands.

3. A shareholder who appoints two proxies may specify a proportion or number of the shareholder's votes each proxy is appointed to exercise. Where no such specification is made, each proxy may exercise half of the votes (any fractions of votes resulting from this are disregarded).

4. Proxy forms may be lodged online by visiting investorvote.com.au or by scanning the QR Code on the proxy form with a mobile device.

5. Relevant custodians may lodge their proxy forms online by visiting intermediaryonline.com

6. Proxy forms and any authorities (or certified copies of those authorities) under which they are signed may be delivered in person, by mail or by fax to the Company's Share Registry (see details below) no later than 48 hours before the meeting, being 10.00am (AEDT) on Tuesday 9 October 2018. Further details are on the proxy form.
7. A proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chairman of the meeting) on a poll. However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of this Notice, including the voting exclusions noted above).
8. If a proxy does not attend the meeting or does not vote on a poll on a resolution, then the Chairman of the meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting or the poll on that resolution, as applicable. If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of this Notice, including the voting exclusions noted above).

BUSINESS OF THE MEETING continued

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the meeting, together with any authority under which it is signed. The appointment must comply with section 250D of the *Corporations Act 2001*.

Attorneys

A shareholder may appoint an attorney to vote on their behalf. To be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours before the meeting.

Share Registry

The Company's Share Registry details are as follows:

Computershare Investor Services Pty Limited

Street Address

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Postal Address

GPO Box 242
Melbourne VIC 3001

Telephone

1300 653 915 (within Australia)
+61 3 9415 4190 (outside Australia)

Facsimile

1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

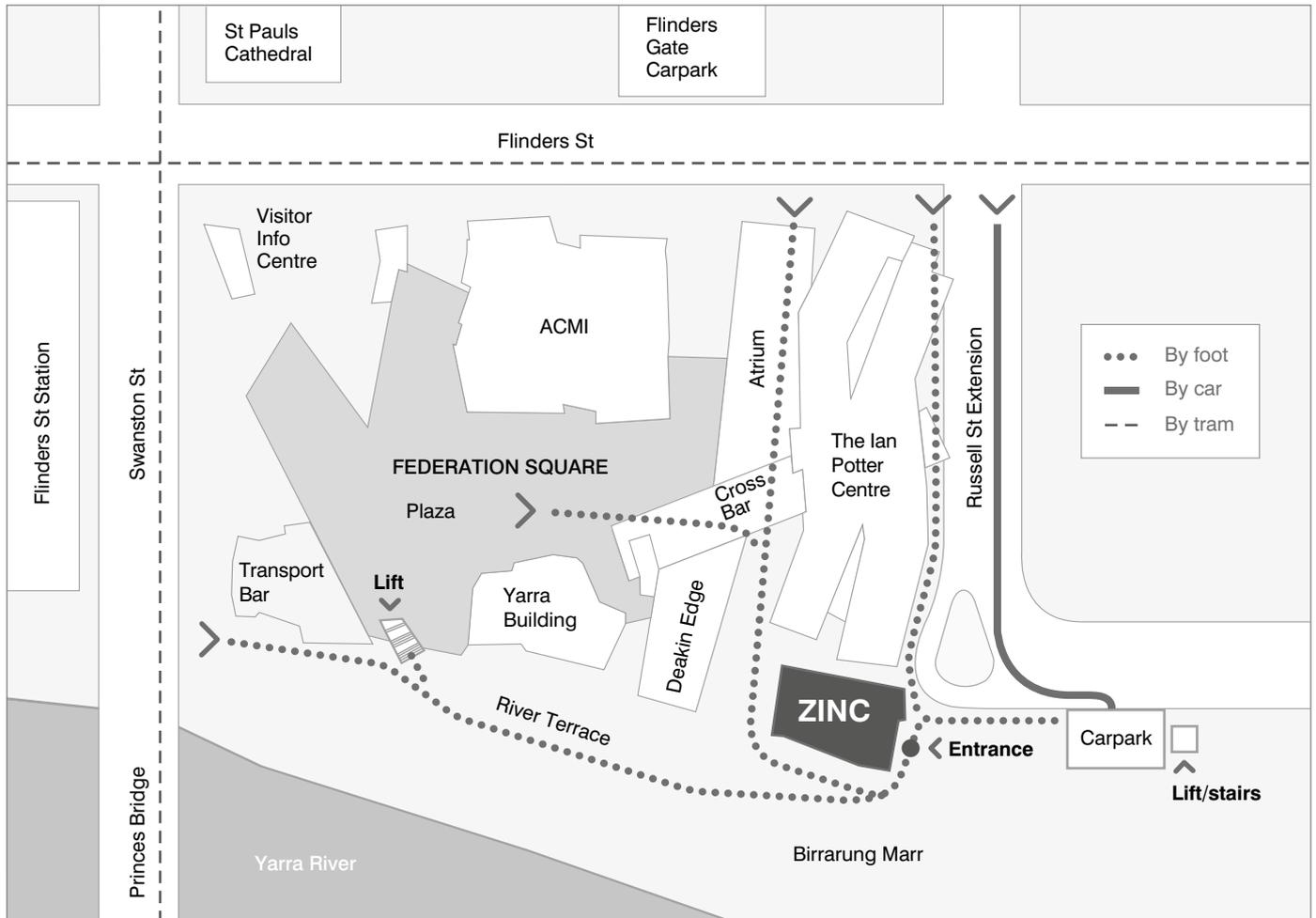
Internet

investorcentre.com/au/contact

Annual General Meeting Venue

The Annual General Meeting of Djerriwarrh Investments Limited (ABN: 38 006 862 693, 'Company') will be held at:

ZINC at Federation Square, Corner of Swanston Street and Flinders Street, Melbourne, Victoria 3000 at 10.00am (AEDT) on Thursday 11 October 2018.





Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD

MR JOHN SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your proxy:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

In Person:
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only (Custodians)
www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 653 915
(outside Australia) +61 3 9415 4190

Proxy Form

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Appoint your proxy and view the Annual Report online

Go to www.investorvote.com.au or scan the QR Code with your mobile device. Follow the instructions on the secure website to appoint your proxy.

Your access information that you will need to appoint your proxy online:

Control Number: 999999

SRN/HIN: I999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential. Please dispose of this form carefully if you appoint your proxy online.

 **For your proxy form to be effective it must be received by 10.00am (AEDT) on Tuesday 9 October 2018**

How to direct your proxy to vote

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Step 1 overleaf.

A proxy need not be a shareholder of the Company.

Lodgement of proxy form

This proxy form (and any authority under which it is signed or a certified copy of it) must be received at an address given above by 10.00am (AEDT) on Tuesday 9 October 2018, being not later than 48 hours before the commencement of the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

Signing instructions for postal forms

Individual: Where the holding is in one name, the shareholder or attorney must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders or attorneys should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the meeting

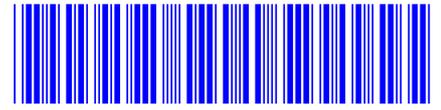
If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO APPOINT YOUR PROXY,
or turn over to complete the form →**

MR JOHN SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.



I 1234567890

I N D

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a proxy to vote on your behalf

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I/We being a shareholder/s of DJERRIWARRH INVESTMENTS LIMITED hereby appoint

the Chairman of the meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named in relation to the meeting generally or in relation to a poll on a given resolution, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting or in relation to a poll on the given resolution (as applicable) on my/our behalf, including to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of **Djerriwarrh Investments Limited** to be held at **Zinc at Federation Square, Corner of Flinders and Swanston Street, Melbourne, Victoria at 10.00am (AEDT) on Thursday 11 October 2018** and at any adjournment or postponement of that meeting.

Chairman to vote undirected proxies in favour: I/We acknowledge that the Chairman of the meeting intends to vote undirected proxies in favour of each item of business, to the extent permitted by law.

Chairman authorised to exercise proxies on remuneration related matters: If I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman of the meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the meeting (to the extent permitted by law) to exercise my/our proxy in respect of item 2 even though item 2 is connected directly or indirectly with the remuneration of a member of key management personnel of Djerriwarrh Investments Limited, which includes the Chairman of the meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Director - Mr Robert Edgar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Re-election of Director - Ms Alice Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Renewal of Proportional Takeover Provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Board recommendations and undirected proxies: The Board recommends shareholders vote in favour of each item of business. The Chairman of the meeting intends to vote undirected proxies in favour of each item of business, to the extent permitted by law.

SIGN Signature of Shareholder(s) *This section must be completed.*

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____ Date ____/____/____