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This half-year report is presented under listing rule 4.2A and should be read in conjunction with the Company's 2019 Annual Report.

This announcement was authorised for release by the Board of Djerriwarrh Investments Limited.

Djerriwarrh Investments Limited ABN 38 006 862 693



Appendix 4D Statement for the Half-Year ending 31 December 2019

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half-year ended 31 December 2019 with the previous corresponding period being the half-year ended 31 December 2018. The results have been reviewed by the Company's auditors.

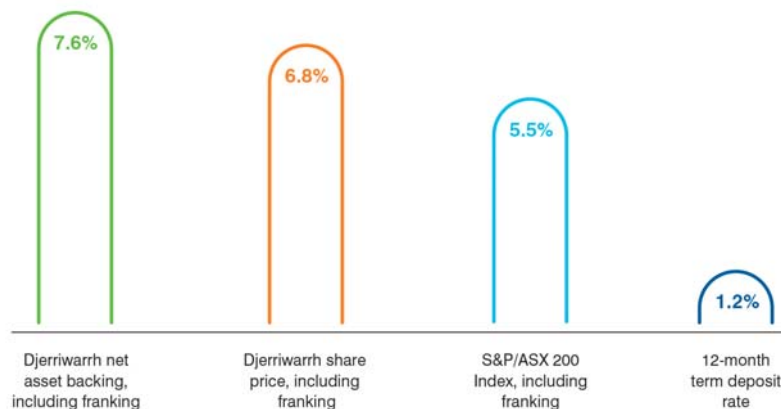
Results for announcement to the market

- Profit for the half-year (including unrealised gains or losses on open option positions) was \$24.1 million, 1.4% up from \$23.8 million in the previous corresponding period.
- Net Operating Result for the half-year was \$17.1 million, 12.5% down from \$19.6 million in the previous corresponding period. In the opinion of Directors as this excludes the impact of open option positions it is therefore a better measure of the Company's income from investment activities.
- Revenue from operating activities was \$17.9 million, 7.1% down from \$19.3 million in the previous corresponding period. This excludes trading and option income and capital gains on investments.
- The interim dividend of 8.75 cents per share fully franked, down from 10 cents the previous interim period, will be paid on 20 February 2020 to ordinary shareholders on the register on 30 January 2020. There is no conduit foreign income component of the dividend.
- None of the interim dividend is 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 nil.
- The final dividend for the 2019 financial year was 10 cents per share, fully franked, and it was paid to shareholders on 27 August 2019.
- The Company's Dividend Reinvestment Plan ("DRP") is in operation for the interim dividend. Under the DRP shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares is based on a **5% discount** to the average selling price of shares traded on the ASX and Chi-X automated trading systems in the five days from the day the shares begin trading on an ex-dividend basis. The last day for the receipt of an election notice for participation in the plan is 31 January 2020.
- Net tangible assets per share before any provision for deferred tax on the unrealised gains or losses on the long-term investment portfolio as at 31 December 2019 were \$3.28 (before allowing for the interim dividend), up from \$2.95 (also before allowing for the interim dividend) at the end of the previous corresponding period.

Half Year Report to 31 December 2019

- Djerriwarrh seeks to provide an enhanced level of fully franked income that is significantly higher than is available from the S&P/ASX 200 and which is delivered at a low cost to shareholders. The enhanced yield is achieved through a bias to investing in higher dividend yielding companies, as well as using option strategies to generate additional income and realised capital gains. The use of options will typically reshape the profile of returns producing more immediate income at the expense of potential capital growth.
- Half Year Profit was \$24.1 million, up from \$23.8 million in the corresponding period last year. Key components of the result are:
 - recognition of gains in open option positions were \$7.0 million, up from \$4.2 million, as the sudden fall in the market in late December improved the value of these positions. These gains can arise when prices on the underlying stocks go down;
 - a decline in income from investments from \$19.2 million to \$17.9 million. In the corresponding period last year, the demerger of Coles from Wesfarmers resulted in an accounting demerger dividend of \$1.3 million; and
 - income from option activity down from \$5.1 million to \$3.3 million as several option positions were bought back and moved into the second half of the financial year at higher exercise prices to capture more of the potential capital growth of holdings that had options written against them.
- Net Operating Result (which excludes the impact of open option positions and is therefore a better measure of the Company's income from its investment activities) was \$17.1 million, down 12.5% from \$19.6 million in the prior corresponding period.
- Interim dividend of 8.75 cents per share fully franked, down from 10 cents per share fully franked for the corresponding period last year.
- Portfolio return for the six months to 31 December 2019, including franking, was 3.8%, in line with the S&P/ASX 200 Accumulation Index return, including franking, which was 3.8%.
- Portfolio return for the year to 31 December 2019, including franking, was 21.8%. Including franking, the S&P/ASX 200 Accumulation Index return was 25.4%.
- At 31 December 2019, the yield on the portfolio (net asset backing) was 7.6%, including franking, whereas the yield on the S&P/ASX 200, including franking, was 5.5%.

Current Yield (based on an annualised interim dividend)



Note: Djerriwarrh yield based on 17.5 cent full-year dividend. Assumes an investor can take full advantage of the franking credits. S&P/ASX 200 Index 80 per cent franked.

Adjustment to the Interim Dividend

Djerriwarrh seeks to provide an enhanced level of fully franked income that is significantly higher than is available from the S&P/ASX 200. The enhanced dividend yield is achieved through a bias to investing in higher dividend yielding companies, as well as using option strategies to generate additional income and realised capital gains.

The level of dividend declared each half year is determined by taking into consideration the Net Operating Result (which is made up of the dividends received from the companies that Djerriwarrh invests in, as well as the income generated from option strategies) and a prudent distribution of released capital gains when available. The Company believes the Net Operating Result, which excludes the valuation impact of open option positions, is a better measure of Djerriwarrh's income from its investment activities.

The Net Operating Result per share for the six months to 31 December 2019 was 7.7 cents per share, down from 8.8 cents per share last half year.

While dividend income for the half year was steady (excluding demerger dividends), three of the four major banks have cut their dividends over the past 3 years, which we do not expect to be reversed in the foreseeable future. The amount of option income generated for the half was \$3.3 million versus \$5.1 million in the corresponding period last year. The amount of option income that is currently being generated is being significantly negatively impacted by low market volatility and very low interest rates.

The long-term impact of reduced market volatility and very low interest rates on the generation of option income were discussed in the presentation to shareholders at the AGM in October 2019, which is available on the Company's website. In the current environment, low interest rates are expected to continue for some time.

Having regard to the distribution of any realised capital gains, this is done to achieve an appropriate balance between distribution as part of the dividend and the desire to retain some of these gains so they can continue working within the portfolio to generate future capital growth and income for shareholders.

The Directors in considering the Net Operating Result and an appropriate distribution of realised capital gains for the half year, have declared an interim dividend of 8.75 cents per share, fully franked, which is down from the interim dividend last year of 10 cents per share fully franked. A Dividend Reinvestment Plan is in place with a 5% discount.

Based on the annualised amount of the interim dividend, the dividend yield on our current asset backing would be 5.3% and grossed up for franking credits would be 7.6% (assuming a shareholder can take full advantage of the franking credits). Based on our share price of \$3.66 (at 31 December 2019) these figures would respectively be 4.8% and 6.8% grossed up. Based on the net asset backing and including franking, this represents an enhanced yield of 2.1%, significantly above the yield available from the S&P/ASX 200 Index.

Going forward there is likely to be some variation in the dividend from year to year depending on variables outlined earlier, but the principle of targeting an enhanced yield significantly above the ASX 200 Index remains a core investment objective. At this point, the Company has a strong franking position as well as a healthy level of reserves.

Portfolio Returns

Djerriwarrh's total portfolio return, including franking, for the six months to 31 December 2019 was 3.8%, in line with the return of the S&P/ASX 200 Accumulation Index return, including franking, of 3.8%.

The more significant contributors (including dividends and option income) to Djerriwarrh's portfolio performance over the six-month period were CSL, Macquarie Group, Wesfarmers, James Hardie Industries and Sydney Airport.

In contrast, with the banking sector under significant pressure, Westpac, ANZ Banking Group and National Australia Bank significantly underperformed.

For the year to 31 December 2019, the total portfolio return, including franking, was 21.8%. The S&P/ASX 200 Accumulation Index, including franking, was 25.4% over the same period (see attached performance table). In order to drive income from the option portfolio in the current low interest rate, low volatility environment, option coverage was until recently kept at the upper end of the normal band during this period. As a result, a number of holdings were sold below market prices at the time because of call options being exercised. This inevitably meant 12-month returns were lower than the Index, but nevertheless remained very healthy when considering the income focus of Djerriwarrh.

Portfolio Adjustments

The number of holdings in the portfolio was reduced from 59 to 50 over the six-month period, and is a further reflection of the process undertaken some time ago to narrow the focus of the portfolio to better quality companies, many of which have the capacity to grow their dividends into the future. Over the 12-month period the number of holdings has been significantly reduced from 71 to 50. This reduction has been across a number of smaller positions in the portfolio and has largely been completed. In the future, the number of holdings in the portfolio is expected to be around this size depending on the opportunities available to the Company as a bottom-up stock picker.

Major sales for the six-month period were predominantly as a result of the exercise of call options. This included positions in CSL, James Hardie Industries, Woolworths Group and Coles Group, all of which enjoyed strong share price gains through the period, and National Australia Bank early in the half, before bank share prices came under pressure.

The larger purchases in the portfolio in the half were because of the desire to rebuild positions where stocks were sold as a result of the exercise of call options in late June 2019. Companies in this category include Transurban Group, Wesfarmers and Macquarie Group. The holding in Goodman Group was further added to, while the position in Rio Tinto was purchased to bring the holding back closer to market weight following participation in its off-market share buy-back in December 2018.

New companies added to the portfolio through the six-month period were Lendlease Group, ARB Corporation and ResMed.

Moving Forward

The market has continued to surprise on the upside as investors look for growth and income in this low interest rate environment. While it is always very difficult to predict short term market moves, with valuations for many companies at elevated levels, any concerns arising from geopolitical events, as well as from the upcoming reporting season in Australia, will impact market volatility.

As we move into the second half of the financial year any lift in volatility will assist with managing the large number of open option positions that are currently due to expire in the next six months. This trend may also provide opportunities to add to the quality companies that are already in the portfolio at more sensible prices.

However, the ongoing challenge of low interest rates and the impact this has on Djerriwarrh's ability to generate option income is likely to persist for some time as economic growth in Australia is expected to remain somewhat subdued.

Please direct any enquiries to:

Mark Freeman
Managing Director
(03) 9225 2122

Geoff Driver
General Manager
(03) 9225 2102

16 January 2020

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions	Cost (\$'000)
Transurban Group	17,238
Goodman Group	12,650
Wesfarmers	7,494
Rio Tinto	6,993
Macquarie Group	5,925

Sales	Proceeds (\$'000)
CSL#	16,860
James Hardie Industries (\$7.8 million from the exercise of call options)	10,674
National Australia Bank#	10,102
Woolworths Group#	7,712
Coles Group#	7,236

#Sales as result of the exercise of call options

New Companies Added to the Investment Portfolio

Lendlease Group
ARB Corporation
ResMed

TOP INVESTMENTS AS AT 31 DECEMBER 2019

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 31 December 2019

	Total Value \$ million	% of the Portfolio
1 * Commonwealth Bank of Australia	70.3	8.8%
2 * BHP	53.7	6.7%
3 * Westpac Banking Corporation	52.6	6.6%
4 * National Australia Bank	38.7	4.8%
5 * Macquarie Group	38.0	4.7%
6 * Australia and New Zealand Banking Group	37.9	4.7%
7 * CSL	35.5	4.4%
8 * Transurban Group	31.9	4.0%
9 * Wesfarmers	27.0	3.4%
10 * Telstra Corporation	22.6	2.8%
11 * Woodside Petroleum	22.4	2.8%
12 * Sydney Airport	20.4	2.6%
13 * Brambles	17.8	2.2%
14 * Atlas Arteria	17.6	2.2%
15 * Goodman Group	17.6	2.2%
16 * Amcor	16.9	2.1%
17 * Oil Search	16.3	2.0%
18 * Ramsay Health Care	15.9	2.0%
19 * Woolworths Group	15.0	1.9%
20 * Rio Tinto	13.3	1.7%

581.3

As % of Total Portfolio Value
(excludes Cash)

72.6%

*Indicates that options were outstanding against part of the holding

PORTFOLIO PERFORMANCE TO 31 DECEMBER 2019

PERFORMANCE MEASURES AT 31 DECEMBER 2019	6 MONTHS	1 YEAR	5 YEARS %PA	10 YEARS %PA	15 YEARS %PA
<i>PORTFOLIO RETURN – NET ASSET BACKING INCLUDING DIVIDENDS REINVESTED</i>	2.4%	18.6%	5.4%	5.1%	6.3%
S&P/ASX 200 ACCUMULATION INDEX	3.1%	23.4%	9.0%	7.9%	8.0%
UBS 180 BANK BILLS INDEX	0.5%	1.5%	1.9%	2.9%	3.9%
<i>PORTFOLIO RETURN – NET ASSET BACKING GROSS RETURN INCLUDING DIVIDENDS REINVESTED*</i>	3.8%	21.8%	8.4%	8.3%	9.3%
S&P/ASX 200 GROSS ACCUMULATION INDEX*	3.8%	25.4%	10.6%	9.5%	9.6%

* Incorporates the benefit of franking credits for those who can fully utilise them.



**DJERRIWARRH
INVESTMENTS
LIMITED**

ABN 38 006 862 693

**HALF-YEAR REPORT
31 DECEMBER 2019**

COMPANY PARTICULARS

Djerriwarrh Investments Limited (DJW)

ABN 38 006 862 693

DJW is a Listed Investment Company. As such it is an investor in equities and similar securities on the stock market primarily in Australia.

Directors: John Paterson, Chairman
Robert J. Edgar
Kathryn J. Fagg AO
Graham B. Goldsmith
Alice J. M. Williams
Karen J. Wood
R. Mark Freeman (Managing Director)

Company Secretaries: Matthew J. Rowe
Andrew J. B. Porter

Auditor: PricewaterhouseCoopers, Chartered Accountants

Country of incorporation: Australia

Registered office: Level 21
101 Collins Street
Melbourne, Victoria 3000

Contact Details: Mail Address: Level 21, 101 Collins Street, Melbourne, Victoria 3000
Telephone: (03) 9650 9911
Facsimile: (03) 9650 9100
Email: invest@djerricom.au
Internet address: www.djerricom.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 Limited
Mail Address: GPO Box 2975, Melbourne, Victoria 3001
Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067

DJW Shareholder enquiry line: 1300 653 915
+613 9415 4190 (from overseas)

Facsimile: (03) 9473 2500
Internet: www.investorcentre.com/contact

For all enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar as above.

Securities Exchange

Code: DJW Ordinary shares

DIRECTORS' REPORT

This report in relation to the half-year to 31 December 2019 is presented by the Directors of Djerriwarrh Investments Limited ('the Company') in accordance with a resolution of Directors.

Directors

The following persons were directors of the Company during the half-year and up to the date of this report:

J. Paterson (appointed July 2002)
R.J. Edgar (appointed March 2015)
K.J. Fagg AO (appointed May 2014)
G.B. Goldsmith (appointed April 2013)
A.J.M. Williams (appointed May 2010)
K.J. Wood (appointed July 2016)
R.M. Freeman (appointed January 2018)

Company operations and results

Overview

Djerriwarrh seeks to provide an enhanced level of fully franked income that is significantly higher than is available from the S&P/ASX 200. The enhanced dividend yield is achieved through a bias to investing in higher dividend yielding companies, as well as using option strategies to generate additional income and realised capital gains. The use of options will typically reshape the profile of returns producing more immediate income at the expense of potential capital growth.

Performance Indicators and Outcomes

The profit of the Company for the half-year to 31 December 2019, which includes the unrealised gains or losses on open option positions in the options written portfolio, was \$24.1 million, up from \$23.8 million in the previous corresponding period.

Djerriwarrh's net operating result for the half-year was \$17.1 million, down from \$19.6 million or 12.5% over the corresponding period last year, primarily due to the one-off \$1.3 million demerger dividend from Wesfarmers as a result of the Coles demerger in the previous corresponding period. This operating result is made up primarily of dividends received from the investment portfolio, option income and revenue from the trading portfolio. In the opinion of Directors as this excludes the impact of open option positions it is therefore a better measure of the Company's income from investment activities.

The portfolio return for the 6 months (measured by change in net asset backing per share plus dividends reinvested) was 2.4% compared to the return of the S&P/ASX 200 Accumulation Index for the same period which was 3.1%. Djerriwarrh's return is after management expenses and taxation whilst the index returns do not include these charges.

The Board has declared a fully franked interim dividend of 8.75 cents per share, down from 10 cents for the previous corresponding period.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 13.

Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in the ASIC Corporations' (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts in the directors' report and financial report. Unless specifically stated otherwise, amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Instrument.

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

A handwritten signature in black ink, appearing to read 'J. Paterson', with a long horizontal flourish extending to the right.

J. Paterson
Chairman
Melbourne

16 January 2020



Auditor's Independence Declaration

As lead auditor for the review of Djerriwarrh Investments Limited for the half-year ended 31 December 2019, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'Nadia Carlin', is written over a horizontal line.

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
16 January 2020

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

Liability limited by a scheme approved under Professional Standards Legislation.

INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half-year 2019 \$'000	Half-year 2018 \$'000
Dividends and distributions		17,888	19,196
Revenue from deposits and bank bills		40	111
Total revenue		17,928	19,307
Net gains/(losses) on trading portfolio		230	(708)
Income from options written portfolio		3,284	5,129
Income from operating activities	3	21,442	23,728
Finance costs		(1,511)	(1,413)
Administration expenses		(1,999)	(1,920)
Share of net profit from Associate		560	534
Operating result before income tax expense		18,492	20,929
Income tax expense*		(1,386)	(1,373)
Net operating result for the half-year		17,106	19,556
Net unrealised gains/(losses) on open options positions		10,036	6,048
Deferred tax on open options positions*		(3,011)	(1,814)
		7,025	4,234
Profit for the half-year		24,131	23,790
		Cents	Cents
Basic earnings per share	9	10.81	10.74
		\$'000	\$'000
* Total Tax (Expense)/Credit		(4,397)	(3,187)

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Half-Year to 31 December 2019			Half-Year to 31 December 2018		
	Revenue	Capital	Total	Revenue	Capital	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the half-year	17,106	7,025	24,131	19,556	4,234	23,790
Other Comprehensive Income						
<i>Items that will not be recycled through the Income Statement</i>						
Gains/(losses) for the period on equity securities in the investment portfolio	-	(3,603)	(3,603)	-	(80,597)	(80,597)
Deferred tax on above	-	766	766	-	23,404	23,404
<i>Items that may be recycled through the Income Statement</i>						
Net movement in fair value of swap contracts ³	-	138	138	-	(87)	(87)
Total other comprehensive income ¹	-	(2,699)	(2,699)	-	(57,280)	(57,280)
Total comprehensive income ²	17,106	4,326	21,432	19,556	(53,046)	(33,490)

¹ Net capital gains/(losses) not accounted through the Income Statement.

² This is the company's Net Return for the half-year, which includes the net operating result plus the net realised and unrealised gains or losses on the Company's investment portfolio and net gains/(losses) on open options positions.

³ 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 31 DECEMBER 2019

		31 Dec 2019 \$'000	30 June 2019 \$'000
	Note		
Current assets			
Cash		2,607	29,211
Receivables		1,671	27,909
Tax refund		-	637
Total current assets		4,278	57,757
Non-current assets			
Investment portfolio		811,940	807,905
Deferred tax assets		-	2,738
Shares in associate		1,550	1,158
Total non-current assets		813,490	811,801
Total assets		817,768	869,558
Current liabilities			
Payables		257	412
Tax payable		1,183	-
Borrowings – bank debt		70,500	110,500
Interest-rate hedging contracts		536	674
Options written portfolio	4	11,288	21,896
Total current liabilities		83,764	133,482
Non-current liabilities			
Deferred tax liabilities		7	-
Deferred tax liabilities - investment portfolio	5	2,530	6,458
Total non-current liabilities		2,537	6,458
Total liabilities		86,301	139,940
Net Assets		731,467	729,618
Shareholders' equity			
Share Capital	6	650,448	647,761
Revaluation Reserve		63,159	64,863
Realised Capital Gains Reserve	7	(56,701)	(51,114)
Interest-rate Hedging Reserve		(536)	(674)
Retained Profits		75,097	68,782
Total shareholders' equity		731,467	729,618

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

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Half-Year to 31 December 2019	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 half-year		647,761	64,863	(51,114)	(674)	68,782	729,618
Dividends paid	8	-	-	(4,454)	-	(17,816)	(22,270)
Shares issued under Dividend Reinvestment Plan	6	2,698	-	-	-	-	2,698
Share Issue Costs	6	(11)	-	-	-	-	(11)
Total transactions with shareholders		2,687	-	(4,454)	-	(17,816)	(19,583)
Profit for the half-year		-	-	-	-	24,131	24,131
Other Comprehensive Income							
Net losses for the period on equity securities in the investment portfolio		-	(2,837)	-	-	-	(2,837)
Net movement in fair value of swap contracts		-	-	-	138	-	138
Other Comprehensive Income for the half-year		-	(2,837)	-	138	-	(2,699)
Transfer to Realised Capital Gains Reserve of net cumulative losses on investments sold		-	1,133	(1,133)	-	-	-
Total equity at the end of the half-year		650,448	63,159	(56,701)	(536)	75,097	731,467

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

**STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (2018
COMPARATIVES)**

Half-Year to 31 December 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 half-year		642,268	60,297	(31,223)	(210)	56,589	727,721
Dividends paid	8	-	-	(11,047)	-	(11,048)	(22,095)
Shares issued under Dividend Reinvestment Plan		2,752	-	-	-	-	2,752
Share Issue Costs		(11)	-	-	-	-	(11)
Total transactions with shareholders		2,741	-	(11,047)	-	(11,048)	(19,354)
Profit for the half-year		-	-	-	-	23,790	23,790
Other Comprehensive Income							
Net losses for the period on equity securities in the investment portfolio		-	(57,193)	-	-	-	(57,193)
Net movement in fair value of swap contracts		-	-	-	(87)	-	(87)
Other Comprehensive Income for the half-year		-	(57,193)	-	(87)	-	(57,280)
Transfer to Realised Capital Gains Reserve of net cumulative gains on investments sold		-	(1,659)	1,659	-	-	-
Total equity at the end of the half-year		645,009	1,445	(40,611)	(297)	69,331	674,877

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

CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Half-year 2019 \$'000 INFLOWS/ (OUTFLOWS)	Half-year 2018 \$'000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities		
Sales from trading portfolio	4,486	2,411
Purchases for trading portfolio	(1,252)	(6,095)
Interest received	40	111
Proceeds from selling options	23,434	12,601
Payment for closing out options	(20,714)	(6,057)
Dividends and distributions received	15,851	20,591
	<u>21,845</u>	<u>23,562</u>
Administration expenses	(1,987)	(1,908)
Finance costs paid	(1,585)	(1,432)
Taxes paid	(1,687)	(2,047)
Net cash inflow/(outflow) from operating activities	<u>16,586</u>	<u>18,175</u>
Cash flows from investing activities		
Sales from investment portfolio	148,444	151,646
Purchases for investment portfolio	(130,928)	(111,559)
Tax paid on capital gains	(1,124)	(22)
Net cash inflow/(outflow) from investing activities	<u>16,392</u>	<u>40,065</u>
Cash flows from financing activities		
Proceeds from borrowing	113,000	49,000
Repayment of borrowings	(153,000)	(85,500)
Share Issue costs	(11)	(11)
Dividends paid	(19,571)	(19,343)
Net cash inflow/(outflow) from financing activities	<u>(59,582)</u>	<u>(55,854)</u>
Net increase/(decrease) in cash held	(26,604)	2,386
Cash at the beginning of the half-year	29,211	2,025
Cash at the end of the half-year	<u>2,607</u>	<u>4,411</u>

This cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. Basis of preparation of half-year financial report

This general purpose half-year financial report has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report should be read in conjunction with the 2019 Annual Report and public announcements made by the Company during the half-year, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

In the interests of transparency in its reporting, the Company uses the phrase “market value” in place of the AASB terminology “fair value for actively traded securities.”

2. Financial reporting by segments

The Company operates as a Listed Investment Company in Australia. It has no reportable business or geographic segments.

(a) Segment information provided to the Board

The internal reporting provided to the Board for the Company’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 capital gains tax on investments (as reported in the Company’s Net Tangible Asset announcements to the ASX).

The Board considers the Company’s operating result after tax to be a key measure of the Company’s performance. This amount excludes the impact of unrealised gains/losses on open options and reconciles to the Company’s profit before tax as follows:

	Half-year 2019 \$'000	Half-year 2018 \$'000
Net Operating Result after income tax expense	17,106	19,556
Net gains/(losses) (after tax) on open options positions	7,025	4,234
Profit for the half-year after tax	24,131	23,790
Add : Total Tax Expense/(Credit)	4,397	3,187
Profit for the half-year before tax	28,528	26,977

In addition, the Investment Committee regularly reviews the net asset value per share both before and after provision for deferred tax on the unrealised gains or losses in the Company’s long-term investment portfolio. The relevant amounts as at 31 December 2019 and 31 December 2018 were as follows:

	2019	2018
Net tangible asset backing per share	\$	\$
Before Tax	3.28	2.95
After Tax	3.27	3.04

(b) 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.

The Company is domiciled in Australia and the Company's income is derived predominantly from Australian entities or entities that have a listing on the Australian Securities Exchange. The Company has a diversified portfolio of investments, with only one investment comprising more than 10% of the Company's income, excluding income from the trading and options written portfolios – Commonwealth Bank 11.5%. (2018 : Commonwealth Bank 10.0%).

3. Income from operating activities

Half-year	Half-year
2019	2018
\$'000	\$'000

Income from operating activities is comprised of the following:

Dividends & distributions

• securities held in investment portfolio	17,888	19,071
• securities held in trading portfolio	-	125
	<u>17,888</u>	<u>19,196</u>

Interest income

• securities held in investment portfolio	-	-
• deposits and income from bank bills	40	111
	<u>40</u>	<u>111</u>

Net gains/(losses) and write downs

• realised gains from trading portfolio sales	230	107
• realised gains on options written portfolio	3,284	5,129
• unrealised losses in trading portfolio	-	(815)
	<u>3,514</u>	<u>4,421</u>

Income from operating activities

21,442	23,728
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4. Current liabilities – options written portfolio

As at balance date there were call options outstanding which potentially required the Company, if they were all exercised, to deliver securities to the value of \$364.8 million (30 June 2019: \$412.9 million). As at balance date there were also put options outstanding which potentially required the Company if they were all exercised to purchase \$25.9 million of securities (30 June 2019: \$26.6 million). The total income for the half-year on the options written portfolio of \$3.3 million (Half-Year to 31 December 2018: \$5.1 million) plus the unrealised gain on the open options position of \$10.0 million (Half-Year to 31 December 2018 : \$6.0 million) was a pre-tax net gain of \$13.3 million (Half-Year to 31 December 2018: \$11.1 million).

5. Deferred tax liabilities – investment portfolio

In accordance with AASB 112 *Income Taxes*, deferred tax liabilities have been recognised for Capital Gains Tax on the unrealised gains in the investment portfolio at current tax rates (30%) totalling \$2.5 million (30 June 2019 : \$6.5 million).

6. Shareholders' equity – share capital

Movements in Share Capital of the Company during the half-year were as follows:

Date	Details	Notes	Number of shares '000	Issue price \$	Paid-up Capital \$'000
01/07/2019	Opening Balance		222,697		647,761
27/08/2019	Dividend Reinvestment Plan		815	3.31	2,698
Various	Share Issue Costs		-		(11)
31/12/2019	Balance		<u>223,512</u>		<u>650,448</u>

The Company has a Dividend Reinvestment Plan under which shareholders can elect to have all or part of their dividend payment reinvested in new ordinary shares.

7. Realised Capital Gains Reserve

	Half-year 2019 \$'000			Half-year 2018 \$'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	5,116	(56,230)	(51,114)	24,631	(55,854)	(31,223)
Dividends paid	(4,454)	-	(4,454)	(11,047)	-	(11,047)
Cumulative taxable realised (losses)/gains for period	10,377	(8,347)	2,030	3,149	(427)	2,722
Tax on above	(3,163)	-	(3,163)	(1,063)	-	(1,063)
	<u>7,876</u>	<u>(64,577)</u>	<u>(56,701)</u>	<u>15,670</u>	<u>(56,281)</u>	<u>(40,611)</u>

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio. 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.

8. Dividends	Half-year 2019 \$'000	Half-year 2018 \$'000
Dividends (fully franked) paid during the period	22,270 (10 cents per share)	22,095 (10 cents per share)

Dividends not recognised at period end **2019
\$'000**

Since the end of the half-year the Directors have declared an interim dividend of 8.75 cents per share fully franked. The aggregate amount of the proposed interim dividend expected to be paid on 20 February 2020, but not recognised as a liability at the end of the half-year is

19,557

9. Earnings per Share	Half-year 2019	Half-year 2018
	Number	Number
Weighted average number of ordinary shares used as the denominator	223,255,028	221,521,281
Basic earnings per share	\$'000	\$'000
Net profit for half-year	24,131	23,790
	Cents	Cents
Basic earnings per share	10.81	10.74
Net operating result per share	\$'000	\$'000
Net operating result for half-year	17,106	19,556
	Cents	Cents
Net operating result per share	7.66	8.83

As at 31 December 2019, there were no dilutive instruments on issue, and therefore the diluted earnings per share and net operating result per share figure is the same as basic earnings and net operating result per share.

10. Events subsequent to balance date

Since 31 December 2019 to the date of this report there has been no event of which the Directors are aware which has had a material effect on the Company or its financial position.

11. Contingencies

At balance date Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the financial report.

12. Associated Entity

The Company owns 25% of Australian Investment Company Services Ltd (“AICS”).

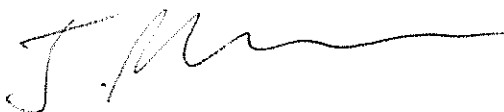
AICS provides administration services to the Company and to other Listed Investment Companies in Australia.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 24 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance, as represented by the results of the operations, changes in equity and cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



J. Paterson
Chairman
Melbourne

16 January 2020



Independent auditor's review report to the members of Djerriwarrh Investments Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Djerriwarrh Investments Limited (the Company) which comprises the balance sheet as at 31 December 2019, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, the notes to the financial statements and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Djerriwarrh Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Djerriwarrh Investments Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to be a stylized representation of the PricewaterhouseCoopers name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to be the name Nadia Carlin.

Nadia Carlin
Partner

Melbourne
16 January 2020