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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 2021 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 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half-year ended 31 December 2021 with the previous corresponding period being the half-year ended 31 December 2020. The results have been reviewed by the Company's auditors.

Results for announcement to the market

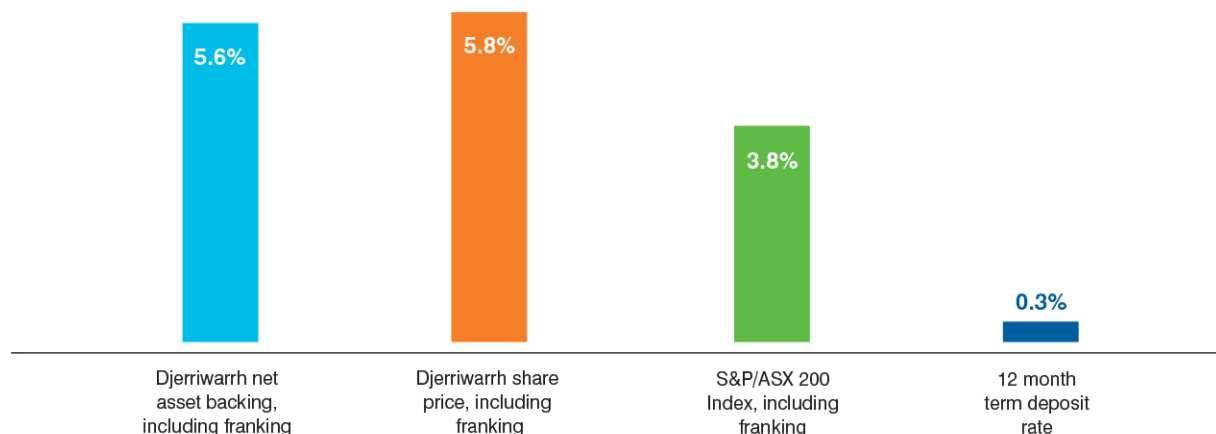
- Profit for the half-year (including unrealised gains or losses on open option positions) was \$19.6 million, 142.2% up from \$8.1 million in the previous corresponding period.
- Net Operating Result for the half-year was \$18.1 million, 54.4% up from \$11.8 million in the previous corresponding period. In the opinion of Directors, as this measure 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 \$15.1 million, 57.2% up from \$9.6 million in the previous corresponding period. This includes dividends and distributions received from the Company's investment but excludes trading and option income and capital gains on investments.
- The interim dividend of 6.75 cents per share fully franked, up from 5.25 cents the previous interim period, will be paid on 23 February 2022 to ordinary shareholders on the register on 3 February 2022. 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 2021 financial year was 5.75 cents per share, fully franked, and it was paid to shareholders on 27 August 2021.
- A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available, the price for which will be set at a **nil discount** to the Volume Weighted Average Price of the Company's shares traded on the ASX and Chi-X automated trading systems over the five trading days from when the shares trade ex-dividend. The last date for the receipt of an election notice for participation in the DRP & DSSP is 5.00 pm (Melbourne time) on 4 February 2022.
- 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 2021 were \$3.47 (before allowing for the interim dividend), up from \$3.01 (also before allowing for the interim dividend) at the end of the previous corresponding period.

Strong Lift in Interim Dividend

Half Year Report to 31 December 2021

- Djerriwarrh seeks to provide shareholders with a total return comprising an enhanced level of fully franked income that is higher than is available from the S&P/ASX200 together with long term capital growth, delivered at a low cost. The enhanced yield is achieved through a bias to investing in companies with higher dividend income, produced over the short and long term, as well as using option strategies to generate additional income.
- The interim dividend has been increased to 6.75 cents per share fully franked, up 28.6% from 5.25 cents per share fully franked for the corresponding period last year. The increase was as a result of higher company dividends and improved income from option activities.
- The Portfolio return for the six months to 31 December 2021 including franking was 6.7%, ahead of the S&P/ASX 200 Accumulation Index return including franking of 4.6%. The 12-month portfolio return to 31 December 2021 including franking was 20.6%, whereas the S&P/ASX 200 Accumulation Index return over the corresponding period including franking was 18.7%. In strong markets we would not expect the portfolio to match index returns given call options can detract from capital growth in such markets. In this context this was a strong result, particularly given the increase in income and the interim dividend for the half year.
- At 31 December 2021, the yield on the portfolio (net asset backing) was 5.6%, including franking, whereas the yield on the S&P/ASX 200, including franking, was 3.8%.

Yield at 31 December 2021 (based on an annualised interim dividend)



- **Half Year Profit was \$19.6 million, up from \$8.1 million in the corresponding period last year. Key components of this result were:**
 - income from investments, up to \$15.1 million from \$9.6 million in the corresponding period last year; and
 - income from option activity was \$7.9 million, higher than the corresponding period last year, which \$6.1 million.
- **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 \$18.1 million. The figure for the corresponding period last year was \$11.8 million.**

Profit and the Interim Dividend

The level of dividend declared each period 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 realised 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 2021 was 7.7 cents per share, up from 5.2 cents per share in the corresponding period last year.

The trend in dividend payments from our portfolio holdings was generally positive during the period as we saw a strong bounce back from the COVID-19 impacted dividend levels of prior periods. We received significantly higher dividends from BHP, Westpac, IAG and National Australia Bank. We also saw solid increases in dividends received from Equity Trustees, ASX and Woolworths from higher dividend rates and our increased holdings in these companies. In contrast, lower dividend income was received from APA Group, Brambles, Woodside Petroleum and Sonic Healthcare, as a result of reduced holdings in these companies (in the case of Sonic Healthcare because of the exercise of call options).

There was an improvement in the amount of option income generated for the half year, \$7.9 million versus \$6.1 million in the corresponding period last year.

There were no realised capital gains distributed during the half year.

An interim dividend of 6.75 cents per share fully franked has been declared, up from 5.25 cents per share fully franked in the corresponding period last year, and ahead of the final dividend declared in respect of the 2020/21 financial year of 5.75 cents per share, fully franked.

Based on the annualised amount of the interim dividend, the dividend yield on our current asset backing would be 3.9% and grossed up for franking credits would be 5.6% (assuming a shareholder can take full advantage of the franking credits). Based on the net asset backing and including franking this represents an enhanced yield of 1.8% percentage points higher than that available from the S&P/ASX 200 Index.

Option Activity

A key feature of the improved performance of the portfolio and generation of option income has been the management of the option positions through the half.

Call option coverage at the beginning of the period was 39%, which was maintained through July and August. After the market (as measured by the S&P/ASX 200 Index) fell from its mid-August high, our option positions profited as we made the decision to close out a significant number of these positions that were due to expire over September to December. Call options in companies such as ANZ, CSL, Commonwealth Bank, Transurban, Westpac, JB Hi-Fi, Netwealth and Woolworths were closed out with share prices lower on average, which enabled us to retain significant option income. As a result, we ended the year with lower than usual call option coverage in this group of companies.

During November and December, we started increasing our option coverage in selected companies including BHP, Rio Tinto, ASX, AUB Group, SCA Property Group and BWP Trust. In contrast we decided not to have any call option coverage in companies such as Cochlear, Domino's Pizza Enterprises, Auckland Airport and Pinnacle Investment Management as we perceive these companies to have relatively more attractive capital growth potential.

Overall, call option coverage of the portfolio at calendar year end was 28%, slightly lower than our normal range of 30% to 40%.

In addition to our call option writing activities, we generated additional income through writing put options in companies including Coles, CSL, Woolworths and Transurban.

In terms of our overall option strategy to generate additional income, our goal remains to write specific single stock options against companies held in the portfolio, rather than setting an overall target for option coverage for the portfolio. This is done in order for Djerriwarrh to meet its enhanced yield objective, but only to a level where long term capital growth is not overly compromised.

The level of option income generated each period will largely be a result of our option coverage levels, option premium prices (largely dependent on market volatility levels and interest rates) and the exercise prices at which we write the options.

Portfolio Returns

The continued focus on strengthening the overall quality of the companies within the portfolio, while maintaining a suitable balance between short term income yield and long-term growth has seen Djerriwarrh's total portfolio return outperform its benchmark index. For the six months to 31 December 2021, Djerriwarrh's total portfolio return was 6.7% when including franking, ahead of the S&P/ASX 200 Accumulation Index return including franking of 4.6%.

The more significant contributors (including dividends and option income) to Djerriwarrh's portfolio performance over the six-month period were Sydney Airport, Mainfreight, Macquarie Group, ASX and Carsales.com.

For the year to 31 December 2021, the total portfolio return including franking was 20.6%. The S&P/ASX 200 Accumulation Index including franking was 18.7% over the same period (see attached performance table).

Portfolio Adjustments

The use of option strategies means there will always be a necessary level of rotation in the portfolio as we get exercised on some holdings.

In the period we were exercised on a number of companies held in the portfolio because of share price strength. This included ASX, Macquarie Group, Carsales.com, Telstra, Woolworths, Sydney Airport and Goodman Group. In some cases, we were able to replace our holdings by subsequently buying back in at lower share prices, for example Macquarie Group. For the other companies listed above we are left with lower holdings although we may look to rebuild these positions over time when suitable opportunities arise.

We were also active sellers of our remaining holdings in APA Group, Alumina, Orica and Origin Energy, and we reduced our positions in companies such as Brambles and Woodside Petroleum.

Some of the capital realised from these sales was re-allocated into a number of other companies. This is a continuation of our portfolio strategy where we aim to maintain a diversified portfolio of high-quality companies that can deliver Djerriwarrh the appropriate balance between income and growth.

As a result, we added to a number of our key portfolio holdings at prices where we saw long term value. These major purchases included BHP, Wesfarmers, Coles, Commonwealth Bank, Westpac, Ramsay Health Care, Auckland Airport, Equity Trustees and CSL. We also actively added four new companies to the portfolio. JB Hi-Fi and SCA Property Group were purchased primarily for their attractive dividend yields. Cochlear and Domino's Pizza were purchased for their attractive long term growth profile.

Outlook

The outlook for company dividends for the next six months is largely positive. This is based on our assessment of company outlook statements, balance sheets and dividend payout ratios. Beyond this, iron ore prices will be a major determinant given their enormous influence on the level of profitability and dividends produced by BHP and Rio Tinto. We expect some normalisation in iron ore prices and BHP and Rio Tinto's dividends from financial year 2022 onwards acknowledging there is a great deal of potential variability in these outcomes as global economic conditions remain fluid.

The profitability of the banks will also have a large influence on dividend levels across the Australian sharemarket. The banks finish the calendar year in very good shape, with each of the major banks holding surplus capital, along with low levels of bad debts given the strongly rebounding domestic economy. However, this could change quickly as a result of any negative developments in the economy.

The topic of inflation is a key macroeconomic issue globally, with any strong sense that inflation levels are more than just transitory likely to result in higher interest rates, particularly if COVID-19 related disruptions to supply chains and availability of labour prolong these inflation risks. Real estate and infrastructure are the two sectors that are typically the most sensitive to interest rate changes, but we note that equity markets overall have clearly benefitted from lower interest rate levels in recent years.

Irrespective of the current uncertainties in terms of economies and financial markets, we continue to believe that owning a diversified portfolio of high-quality companies can produce an attractive level of income and capital growth over the long term, thereby enabling us to meet Djerriwarrh's objectives, including an enhanced fully franked yield above the Australian equity market.

Please direct any enquiries to:

Mark Freeman
Managing Director
(03) 9225 2122

Geoff Driver
General Manager
(03) 9225 2102

21 January 2022

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions	Cost (\$'000)
BHP	18,066
Wesfarmers	16,001
Coles Group	13,969
Commonwealth Bank	12,033
Santos (as a result of the merger with Oil Search)	11,038
JB Hi-Fi	10,048

Sales	Proceeds (\$'000)
Macquarie Group	12,987
Woolworths	12,800
Oil Search (including the impact of the merger with Santos)	12,355
ASX	12,074
Amcor	11,378
Sydney Airport	10,910

These sales, other than Oil Search, are as result of the exercise of call options

New Companies Added to the Investment Portfolio

Santos (as a result of the merger with Oil Search)
JB Hi-Fi
SCA Property Group
Cochlear
Domino's Pizza Enterprises

TOP INVESTMENTS AS AT 31 DECEMBER 2021

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 31 December 2021

	Total value \$ million	% of portfolio
1 * BHP	58.5	7.0%
2 * CSL	52.2	6.3%
3 Westpac Banking Corporation	48.7	5.8%
4 * Transurban Group	48.0	5.7%
5 * Commonwealth Bank of Australia	44.1	5.3%
6 * Wesfarmers	36.3	4.3%
7 * Woolworths	29.2	3.5%
8 * Coles Group	28.2	3.4%
9 * Mainfreight	24.2	2.9%
10 * ASX	23.7	2.8%
11 EQT Holdings	21.3	2.6%
12 * Telstra Corporation	21.2	2.5%
13 * Macquarie Group	20.6	2.5%
14 * National Australia Bank	18.3	2.2%
15 Mirrabooka Investments	16.8	2.0%
16 * Ramsay Health Care	16.6	2.0%
17 * Goodman Group	15.7	1.9%
18 * IRESS	15.0	1.8%
19 * Carsales.com	14.8	1.8%
20 AMCIL	14.3	1.7%
Total	567.6	
As % of Total Portfolio Value (excludes Cash)	67.9%	

* Indicates that options were outstanding against part of the holding

PORTFOLIO PERFORMANCE TO 31 DECEMBER 2021

PERFORMANCE MEASURES AT 31 DECEMBER 2021	6 MONTHS	1 YEAR	5 YEARS %PA	10 YEARS %PA	15 YEARS %PA
<i>PORTFOLIO RETURN – NET ASSET BACKING INCLUDING DIVIDENDS REINVESTED</i>	6.0%	18.9%	6.6%	7.7%	4.6%
S&P/ASX 200 ACCUMULATION INDEX	3.8%	17.2%	9.8%	10.8%	6.2%
180 BANK BILLS INDEX	0.1%	0.1%	1.2%	1.9%	3.1%

<i>PORTFOLIO RETURN – NET ASSET BACKING GROSS RETURN INCLUDING DIVIDENDS REINVESTED*</i>	6.7%	20.6%	9.0%	10.6%	7.5%
S&P/ASX 200 GROSS ACCUMULATION INDEX*	4.6%	18.7%	11.2%	12.4%	7.8%

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

Past performance is not indicative of future performance.



**DJERRIWARRH
INVESTMENTS
LIMITED**

ABN 38 006 862 693

**HALF-YEAR REPORT
31 DECEMBER 2021**

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
Bruce R. Brook
Kathryn J. Fagg AO
Graham B. Goldsmith AO, Deputy Chairman
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: 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: 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 Dividend Substitution Share Plan (DSSP)) 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 2021 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)
B.R. Brook (appointed August 2021)
R.J. Edgar AM (appointed March 2015, retired October 2021)
K.J. Fagg AO (appointed May 2014)
G.B. Goldsmith AO (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 higher than what 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 2021, which includes the unrealised gains or losses on open option positions in the options written portfolio, was \$19.6 million, up from \$8.1 million in the previous corresponding period.

Djerriwarrh's net operating result for the half-year was \$18.1 million, up from \$11.8 million or 54.4% over the corresponding period last year, primarily due to the increase in dividends as companies began to recover from the impact of the coronavirus shut-downs. 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, this is a better measure of the Company's income from investment activities as it excludes the impact of open option positions.

The portfolio return for the 6 months (measured by change in the net asset backing per share plus dividends reinvested) was 6.0% compared to the return of the S&P/ASX 200 Accumulation Index for the same period which was 3.8%. 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 6.75 cents per share, up from 5.25 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 14.

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 blue ink, appearing to read 'J. Paterson', is written over a faint, illegible printed name.

J. Paterson
Chairman
Melbourne

21 January 2022



Auditor's Independence Declaration

As lead auditor for the review of Djerriwarrh Investments Limited for the half-year ended 31 December 2021, 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.

Nadia Carlin

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
21 January 2022

INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Half-year 2021 \$'000	Half-year 2020 \$'000
Dividends and distributions		15,065	9,582
Revenue from deposits and bank bills		-	2
Total revenue		15,065	9,584
Net gains/(losses) on trading portfolio		(101)	(44)
Income from options written portfolio		7,853	6,088
Income from operating activities	3	22,817	15,628
Finance costs		(700)	(1,077)
Administration expenses		(1,708)	(1,847)
Share of net profit from Associate	12	15	672
Operating result before income tax expense		20,424	13,376
Income tax expense*		(2,275)	(1,622)
Net operating result for the half-year		18,149	11,754
Net unrealised gains/(losses) on open options positions		2,117	(5,213)
Deferred tax on open options positions*		(635)	1,564
		1,482	(3,649)
Profit for the half-year		19,631	8,105
		Cents	Cents
Basic earnings per share	9	8.30	3.61
		\$'000	\$'000
* Total Tax (Expense)/Credit		(2,910)	(58)

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Half-Year to 31 December 2021			Half-Year to 31 December 2020		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Profit for the half-year	18,149	1,482	19,631	11,754	(3,649)	8,105
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	-	26,367	26,367	-	70,399	70,399
Deferred tax on above	-	(8,349)	(8,349)	-	(21,473)	(21,473)
<i>Items that may be recycled through the Income Statement</i>						
Net movement in fair value of swap contracts	-	83	83	-	269	269
Total other comprehensive income ¹	-	18,101	18,101	-	49,195	49,195
Total comprehensive income ²	18,149	19,583	37,732	11,754	45,546	57,300

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.

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

BALANCE SHEET AS AT 31 DECEMBER 2021

		31 Dec 2021 \$'000	30 June 2021 \$'000
	Note		
Current assets			
Cash		6,185	1,236
Receivables		4,413	5,295
Trading portfolio		907	1,019
Total current assets		<u>11,505</u>	<u>7,550</u>
Non-current assets			
Investment portfolio		841,374	849,078
Deferred tax assets	5	6,910	6,136
Shares in associate		1,076	1,066
Total non-current assets		<u>849,360</u>	<u>856,280</u>
Total assets		<u>860,865</u>	<u>863,830</u>
Current liabilities			
Payables		69	78
Tax payable		1,757	2,588
Borrowings – bank debt		32,500	65,000
Interest-rate hedging contracts		-	83
Options written portfolio	4	6,576	11,544
Total current liabilities		<u>40,902</u>	<u>79,293</u>
Non-current liabilities			
Deferred tax liabilities - investment portfolio	5	25,404	15,828
Total non-current liabilities		<u>25,404</u>	<u>15,828</u>
Total liabilities		<u>66,306</u>	<u>95,121</u>
Net Assets		<u>794,559</u>	<u>768,709</u>
Shareholders' equity			
Share Capital	6	687,594	686,297
Revaluation Reserve		105,313	85,822
Realised Capital Gains Reserve	7	(76,185)	(74,712)
Interest-rate Hedging Reserve		-	(83)
Retained Profits		77,837	71,385
Total shareholders' equity		<u>794,559</u>	<u>768,709</u>

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

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Half-Year to 31 December 2021	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		686,297	85,822	(74,712)	(83)	71,385	768,709
Dividends paid	8	-	-	-	-	(13,179)	(13,179)
Shares issued under Dividend Reinvestment Plan	6	1,303	-	-	-	-	1,303
Share Issue Costs	6	(6)	-	-	-	-	(6)
Total transactions with shareholders		1,297	-	-	-	(13,179)	(11,882)
Profit for the half-year		-	-	-	-	19,631	19,631
<i>Other Comprehensive Income</i>							
Net gains for the period on equity securities in the investment portfolio		-	18,018	-	-	-	18,018
Net movement in fair value of swap contracts		-	-	-	83	-	83
Other Comprehensive Income for the half-year		-	18,018	-	83	-	18,101
Transfer to Realised Capital Gains Reserve of net cumulative losses on investments sold		-	1,473	(1,473)	-	-	-
Total equity at the end of the half-year		687,594	105,313	(76,185)	-	77,837	794,559

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 2021 (2020
COMPARATIVES)**

Half-Year to 31 December 2020	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		652,854	(20,539)	(59,324)	(476)	64,330	636,845
Dividends paid	8	-	-	-	-	(11,709)	(11,709)
Shares issued under Dividend Reinvestment Plan		1,220	-	-	-	-	1,220
Share Issue Costs		(7)	-	-	-	-	(7)
Total transactions with shareholders		1,213	-	-	-	(11,709)	(10,496)
Profit for the half-year		-	-	-	-	8,105	8,105
Other Comprehensive Income							
Net gains for the period on equity securities in the investment portfolio		-	48,926	-	-	-	48,926
Net movement in fair value of swap contracts		-	-	-	269	-	269
Other Comprehensive Income for the half-year		-	48,926	-	269	-	49,195
Transfer to Realised Capital Gains Reserve of net cumulative losses on investments sold		-	12,858	(12,858)	-	-	-
Total equity at the end of the half-year		654,067	41,245	(72,182)	(207)	60,726	683,649

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 2021

	Half-year 2021 \$'000 INFLOWS/ (OUTFLOWS)	Half-year 2020 \$'000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities		
Sales from trading portfolio	908	1,077
Purchases for trading portfolio	-	(816)
Interest received	-	2
Proceeds from selling options	7,773	14,870
Payment for closing out options	(2,763)	(11,413)
Dividends and distributions received	16,287	9,585
	<u>22,205</u>	<u>13,305</u>
Administration expenses	(1,701)	(1,839)
Finance costs paid	(740)	(1,147)
Taxes paid	(3,286)	(1,098)
Net cash inflow/(outflow) from operating activities	<u>16,478</u>	<u>9,221</u>
Cash flows from investing activities		
Sales from investment portfolio	187,212	104,878
Purchases for investment portfolio	(154,359)	(89,221)
Net cash inflow/(outflow) from investing activities	<u>32,853</u>	<u>15,657</u>
Cash flows from financing activities		
Proceeds from borrowing	88,500	70,000
Repayment of borrowings	(121,000)	(83,000)
Share Issue costs	(6)	(7)
Dividends paid	(11,876)	(10,490)
Net cash inflow/(outflow) from financing activities	<u>(44,382)</u>	<u>(23,497)</u>
Net increase/(decrease) in cash held	4,949	1,381
Cash at the beginning of the half-year	1,236	1,463
Cash at the end of the half-year	<u>6,185</u>	<u>2,844</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 2021

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 2021 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 2021 \$'000	Half-year 2020 \$'000
Net Operating Result after income tax expense	18,149	11,754
Net gains/(losses) (after tax) on open options positions	1,482	(3,649)
Profit for the half-year after tax	19,631	8,105
Add : Total Tax Expense/(Credit)	2,910	58
Profit for the half-year before tax	22,541	8,163

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 2021 and 31 December 2020 were as follows:

	2021	2020
	\$	\$
Net tangible asset backing per share		
Before Tax	3.47	3.01
After Tax	3.36	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 one investment comprising more than 10% of the Company's income, excluding income from the trading and options written portfolios – BHP 20.3%. (2020 : BHP 11.0%).

3. Income from operating activities	Half-year 2021 \$'000	Half-year 2020 \$'000
Income from operating activities is comprised of the following:		
Dividends & distributions		
• securities held in investment portfolio	15,041	9,582
• securities held in trading portfolio	24	-
	<u>15,065</u>	<u>9,582</u>
Interest income		
• deposits and income from bank bills	-	2
	<u>-</u>	<u>2</u>
Net gains/(losses) and write downs		
• realised gains from trading portfolio sales	10	13
• realised gains on options written portfolio	7,853	6,088
• unrealised losses in trading portfolio	(111)	(57)
	<u>7,752</u>	<u>6,044</u>
Income from operating activities	<u>22,817</u>	<u>15,628</u>

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 \$240.4 million (30 June 2021: \$327.7 million). As at balance date there were also put options outstanding which potentially required the Company if they were all exercised to purchase \$15.0 million of securities (30 June 2021: \$8.8 million). The total income for the half-year on the options written portfolio of \$7.9 million (Half-Year to 31 December 2020: \$6.1 million) plus the unrealised gain on the open options position of \$2.1 million (Half-Year to 31 December 2020 : \$5.2 million loss) was a pre-tax net gain of \$10.0 million (Half-Year to 31 December 2020: \$0.9 million).

5. Deferred tax assets and liabilities

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 \$25.4 million (30 June 2021 : \$15.8 million).

In addition, deferred tax assets of \$6.3 million (out of a total of \$6.9 million) have been recognised in respect of realised capital losses. It is expected that these losses will be offset against future gains.

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
01/07/2021	Opening Balance		236,119		686,297
27/08/2021	Dividend Reinvestment Plan	(i)	420	3.10	1,303
27/08/2021	Dividend Substitution Share Plan	(ii)	27	3.10	n/a
Various	Share Issue Costs		-		(6)
31/12/2021	Balance		<u>236,566</u>		<u>687,594</u>

- (i) The Company has a Dividend Reinvestment Plan (“DRP”) under which shareholders can elect to have all or part of their dividend payment reinvested in new ordinary shares.
- (ii) The Company has a Dividend Substitution Share Plan (“DSSP”) under which some shareholders elected to forego all or part of their dividend payment and receive shares instead. Pricing of the new DSSP shares was done on the same basis as the DRP.

7. Realised Capital Gains Reserve

	Half-year 2021 \$'000			Half-year 2020 \$'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	(11,474)	(63,238)	(74,712)	451	(59,775)	(59,324)
Dividends paid	-	-	-	-	-	-
Cumulative taxable realised (losses)/gains for period	(4,435)	1,732	(2,703)	(12,393)	(4,183)	(16,576)
Tax on above	1,230	-	1,230	3,718	-	3,718
	(14,679)	(61,506)	(76,185)	(8,224)	(63,958)	(72,182)

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 2021 \$'000	Half-year 2020 \$'000
Dividends (fully franked) paid during the period	13,179 (5.75 cents per share)	11,709 (5.25 cents per share)

Dividends not recognised at period end

**2021
\$'000**

Since the end of the half-year the Directors have declared an interim dividend of 6.75 cents per share fully franked. The aggregate amount of the proposed interim dividend expected to be paid on 23 February 2022, but not recognised as a liability at the end of the half-year is

15,968

9. Earnings per Share	Half-year 2021	Half-year 2020
	Number	Number
Weighted average number of ordinary shares used as the denominator	236,424,809	224,599,130
Basic earnings per share	\$'000	\$'000
Net profit for half-year	19,631	8,105
	Cents	Cents
Basic earnings per share	8.30	3.61
Net operating result per share	\$'000	\$'000
Net operating result for half-year	18,149	11,754
	Cents	Cents
Net operating result per share	7.68	5.23

As at 31 December 2021, 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 2021 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.

The profit of AICS is to a large extent determined by the level of vesting of incentives to executives and staff. This will have significant variability from year to year but incentives will generally be higher the better the level of returns to shareholders when compared to the S&P/ASX 200 Index.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 25 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 2021 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

21 January 2022



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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Djerriwarrh Investments Limited (the Company) which comprises the balance sheet as at 31 December 2021, the statement of comprehensive income, statement of changes in equity, cash flow statement and income statement for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Company's financial position as at 31 December 2021 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors 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 responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2021 and of 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*.

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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Nadia Carlin'.

Nadia Carlin
Partner

Melbourne
21 January 2022