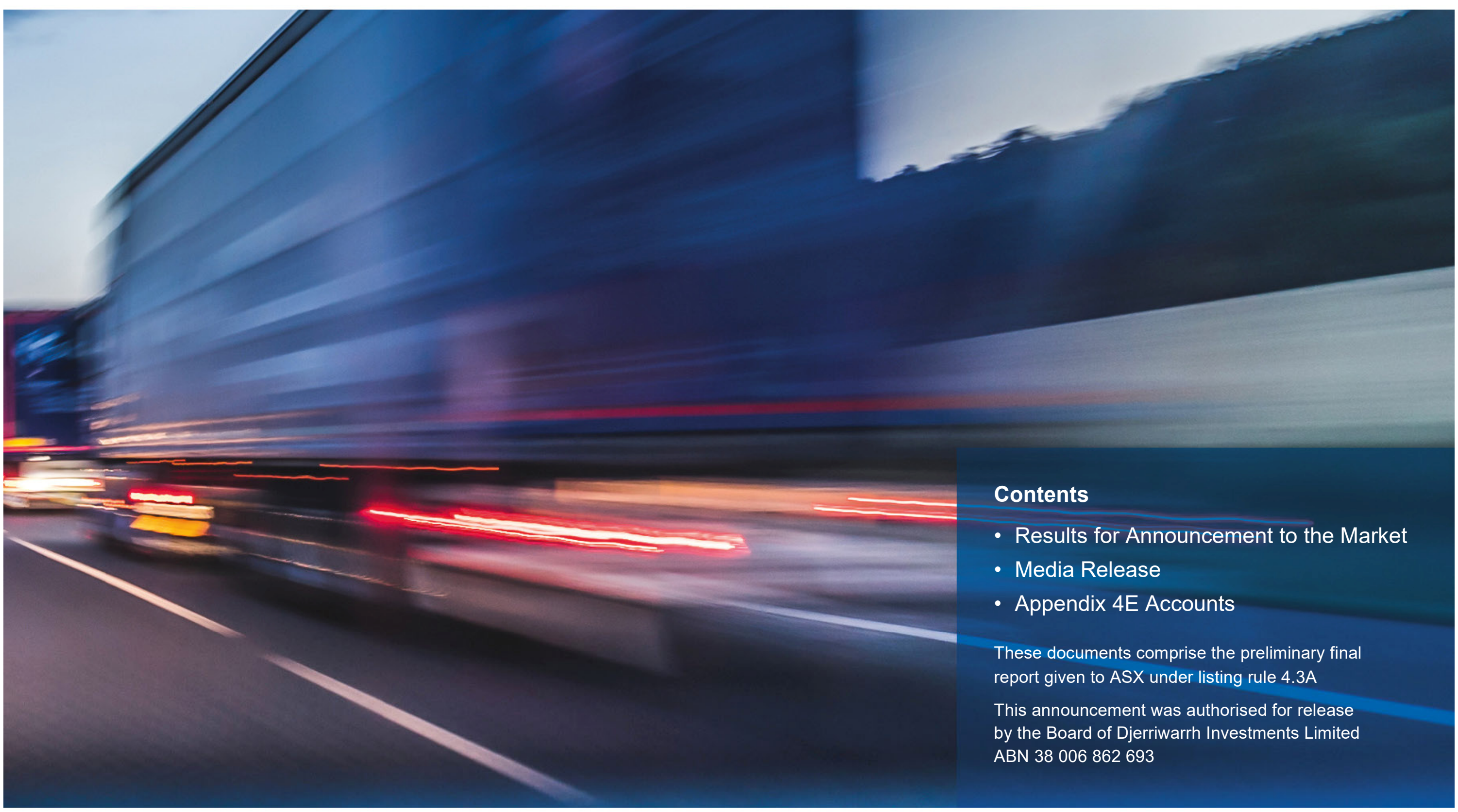
Appendix 4E Statement for the Full Year Ending 30 June 2022



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These documents comprise the preliminary final report given to ASX under listing rule 4.3A

This announcement was authorised for release by the Board of Djerriwarrh Investments Limited ABN 38 006 862 693

Results for Announcement to the Market

The reporting period is the year ended 30 June 2022 with the prior corresponding period being the year ended 30 June 2021.

This report is based on financial statements that are in the process of being audited.

Results for Announcement to the Market

> The final dividend has been increased to 7.0 cents per share fully franked, up 1.25 cents or 21.7% from last year. Total dividends for the year ending 30 June 2022 are 13.75 cents, up from 11.0 cents last year, an increase of 25.0%.

> The dividend will be paid on 26 August 2022 to ordinary shareholders on the register on 9 August 2022. Shares are expected to trade ex-dividend from 8 August 2022.

> Portfolio performance for the year, including the benefit of franking credits for those that can fully utilise them was negative 6.5%, compared to the S&P/ASX 200 Accumulation Index on the same basis which was negative 5.1%.

> A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available, the price for both of which will be set at a **2.5%** discount to the Volume Weighted Average Price of the Company's shares traded on the ASX and Cboe automated trading systems over the five trading days after the shares trade ex-dividend. Notices of participation in the DRP and the DSSP need to be received by the share registry by 5 pm (AEST) on 10 August 2022. All shares issued under the DRP and DSSP will rank equally with existing shares.

> Net Operating Result (which excludes the impact of open option positions and is considered a better measure of the Company's income from its investment activities and is the figure Directors have considered when setting the dividend) was $40.4 million. This figure includes a dividend received of $6.5 million (which was non-cash but carries franking credits with it) resulting from the BHP Petroleum/Woodside merger. Excluding the merger dividend, this figure is $33.9 million. The figure for the Net Operating Result for the prior corresponding period last year was $31.3 million. Excluding the demerger dividend received of $6.3 million resulting from the Endeavour Group demerger from Woolworths last year's figure was $25.0 million.

> Net Operating Result per share was 17.1 cents per share, up from 13.7 cents last year. Excluding the BHP Petroleum/Woodside merger dividend, the Net Operating Result would have been 14.3 cents per share.

> Net Profit attributable to members was $44.5 million, 45.9% up from $30.5 million in the previous corresponding period, equivalent to 18.8 cents per share (2021:13.4 cents)

> Revenue from operating activities was $37.2 million, up 32.9% from the previous corresponding period.

> The interim dividend for the 2022 financial year was 6.75 cents per share (up from 5.25 cents last year), fully franked, and it was paid to shareholders on 23 February 2022.

> Net tangible assets per share before any provision for deferred tax on the unrealised losses on the long-term investment portfolio as at 30 June 2022 were $2.95 (before allowing for the final dividend), down from $3.32 (before allowing for the final dividend) at the end of the previous corresponding period.

> The Company will be providing an update on these results via a webcast for shareholders on 19 July at 3.30 p.m. (AEST). Details are on the website djerri.com.au.

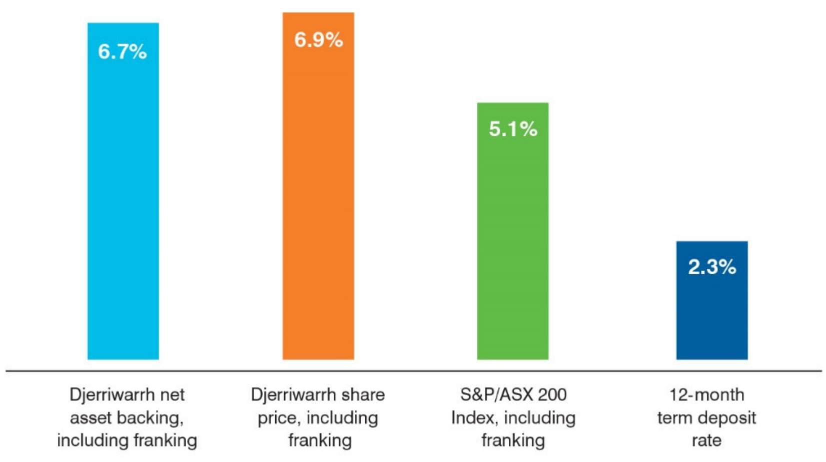
> The 2022 AGM will be held at 10.00 am on Thursday 13 October 2022. Further details on how to participate will be sent to shareholders.

Significant Increase in Final Dividend
Full Year Report to 30 June 2022

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 final dividend has been increased to 7.0 cents per share fully franked, up 21.7% from 5.75 cents per share fully franked for the corresponding period last year. We have been able to increase the final dividend because of higher company dividends received and continued strong income from option activity. Total dividends for the year are 13.75 cents per share. Last financial year total dividends were 11.0 cents per share. Total dividends for the year have increased 25.0% over last financial year.

Yield at 30 June 2022 (based on the interim dividend paid and final dividend declared)



The Full Year Profit was $44.5 million, up from $30.5 million in the previous corresponding period. The profit to 30 June 2022 includes a dividend of $6.5 million (which was non-cash but carries franking credits with it) resulting from the BHP Petroleum/Woodside merger. Last year's figure included a demerger dividend of $6.3 million resulting from the Endeavour Group demerger from Woolworths. Excluding both one-offs, the Full Year Profit for the financial year to 30 June 2022 was $38.0 million, up from $24.2 million in the previous corresponding period.

Key components of the result were:

> income from investments, up from $28.0 million last year to $37.2 million this financial year; and
> income from option activity was $12.5 million, slightly ahead of the corresponding period last year of $12.1 million.

Net Operating Result (which excludes the impact of open option positions and is considered a better measure of the Company's income from its investment activities) was $40.4 million. Excluding the merger dividend, this figure is $33.9 million. The figures for the prior corresponding period last year are $31.3 million and $25.0 million, excluding the Endeavour Group/Woolworths demerger dividend.

To provide additional funds for the portfolio a Share Purchase Plan has been announced with this result (details provided in a separate ASX announcement).

Profit and Final 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 considers 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 12 months to 30 June 2022 (excluding the BHP Petroleum/Woodside merger dividend) was 14.3 cents per share, up from 10.9 cents per share in the corresponding period last year (excluding the Endeavour Group non-cash demerger dividend).

Directors have declared a final dividend of 7.0 cents per share, up 21.7% from 5.75 cents per share fully franked for the corresponding period last year, bringing total dividends for the year to 13.75 cents per share fully franked. Total dividends for the corresponding period last year were 11.0 cents per share fully franked.

Based on the total dividend for the year, the dividend yield on the net asset backing at 30 June 2022 was 4.7% and 6.7%, grossed up for franking credits (assuming a shareholder can take full advantage of the franking credits). Based on the net asset backing and including franking, this represents a yield 1.6 percentage points higher than that available from the S&P/ASX 200 Index. Based on the share price of $2.86 (at 30 June 2022), the yield was 4.8% and 6.9%, grossed up for franking.

Portfolio Performance

The Australian equity market remained buoyant in the first half of the 2021/2022 financial year as low interest rates and increased economic activity following the COVID-19 pandemic provided a supportive backdrop to the market.

The equity market then fell sharply at the start of the 2022 calendar year as the threat of higher inflation and increased interest rates became more apparent as supply chains became strained and energy prices increased.

As global central banks continued to raise rates more aggressively over the remainder of the 2021/22 financial year the S&P/ASX 200 Accumulation Index returned negative 6.5% for the 12 months to June 2022, with a strong divergence of performance across sectors. Utilities and Energy were the standout sectors, returning 36.0% and 30.1% respectively. Information Technology and Consumer Discretionary were the worst performing sectors for the financial year, down 38.2% and 20.9% respectively.

Djerriwarrh's total portfolio return, including franking, for the 12 months to 30 June 2022 was negative 6.5%. This was slightly below the S&P/ASX 200 Accumulation Index, including franking, of negative 5.1%.

Some of the best performing stocks held in the Djerriwarrh portfolio included Woodside Energy, Sydney Airport, Computershare and Atlas Arteria. In contrast Temple & Webster, FINEOS Corporation, Domino's Pizza Enterprises and Reece substantially underperformed.

Portfolio Adjustments

We continue to focus on constructing a portfolio that will deliver a suitable balance between short- term income yield and long-term growth in capital and income. We also have to be prepared to reinvest potential sizeable option exercise proceeds which typically occur in rising markets at appropriate times.

Major purchases for the 12-month period focused on high-quality companies that we have assessed as being able to deliver the right mix of income and growth for the portfolio. As a result, significant increases were made to existing holdings in companies such as Wesfarmers, James Hardie, Commonwealth Bank, BHP, Macquarie Group and Coles Group.

A number of new stocks were also added to the portfolio. This included positions in JB Hi-Fi, REA Group, Domino's Pizza Enterprises, SCA Property Group and Cochlear. The holding in Oil Search switched to Santos as a result of the merger of the two companies.

Major sales from the portfolio were largely a result of call option exercises. This included positions in Macquarie Group, National Australia Bank, Woolworths Group, ASX and BHP. We reduced our positions in Amcor and Brambles (some were sold because of the exercise of call options), and Woodside, and completely exited a number of holdings including Sydney Airport (as a result of a takeover), APA Group, Endeavour Group, AUB, Origin Energy, Alumina and Orica.

Option Activity

This year's option income result was pleasing, especially given the low level of volatility that prevailed for much of the period.

Volatility was low between July 2021 and December 2021, before spiking in January 2022 during the equity market sell-off. It finished the year at an elevated level reflecting the equity market's concerns around interest rates and economic growth.

Djerriwarrh's Option Income was up 3.3% to $12.5 million. Selling call options contributed most of our overall option income at $11.8 million.

Some of the key moves in Djerriwarrh's average portfolio call option coverage of the portfolio saw high coverage (40%) in August and September 2021 when the market was also at a high level. This allowed us to lock in significant profits in the resulting market sell-off as we closed many 'out of the money' positions.

When the market was significantly lower in February and March 2022, our call option coverage was also much lower at 25%. This enabled us to preserve some upside to capital growth when the market temporarily rebounded in April and May 2022, by which time our call option coverage had increased to 30%. Call option coverage finished the financial year at 28%.

Selling put options also contributed $0.7 million to our overall option income. We were not exercised on any of these put positions which was a good outcome.

Outlook

Equity market conditions have changed dramatically from the beginning of this calendar year. There has been a significant downward repricing of equities, which have been a beneficiary of record low interest rates for much of the post-2008 financial crisis era. The risk of tighter monetary policy tipping major economies, especially the US, into recession is now an extra concern weighing on the share market.

As a result, the upcoming company reporting season in Australia takes on even greater importance. Equity valuations have come down as a result of economic conditions, but market earnings estimates have not reduced much. There is a risk of reported results and outlook statements disappointing, with lower revenue and higher costs a real possibility, which would make profit and dividend growth harder to deliver for many companies.

We think this is most relevant for industrial companies, as we see banks and diversified financial companies as being relatively well placed for the next 12 months. In the case of resources, we expect strong dividends in the first half of the 2022/2023 financial year, but potentially reducing at some point thereafter when commodity prices such as iron ore and oil revert towards long- term price assumptions.

In this environment, the outlook for Djerriwarrh's Dividend and Distribution Income for the 2022/2023 financial year remains uncertain, and we expect to be in a better position to assess this post the upcoming Australian profit reporting season.

In terms of our Option Income, recent higher equity market volatility levels, as well as higher interest rates, are a positive for option premiums and hence the ability to earn option income as a seller of call and put options. Balancing this out somewhat is the likelihood that we will have lower call option coverage if the market remains at these lower levels compared to last year.

The current positioning of the options book is encouraging. Only a small amount of our option positions are currently 'in the money', which is positive in terms of our ability to earn option income and deliver attractive portfolio returns. In addition, a good amount of premium has already been written for the 2022/2023 financial year.

However, the value of these positions can change quickly and significantly in response to major market moves. This means daily active management of the options portfolio remains a key part of our investment process.

Irrespective of market conditions over the next 12 months, we believe that the current portfolio settings and positioning should enable Djerriwarrh to achieve its objectives of delivering an enhanced level of fully franked income above the market and an attractive total return over the long term.

Please direct any enquiries to:

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19 July 2022

Major Transactions in the Investment Portfolio

Acquisitions	Cost ($'000)
Wesfarmers	27,110
JB Hi-Fi	21,911
James Hardie Industries	20,160
Commonwealth Bank	19,037
BHP	18,066
Macquarie Group (includes $5 million from participation in placement @$194 per share)	15,977
Coles	13,969

Disposals	Proceeds ($'000)
Sydney Airport*	22,916
Macquarie Group (because of the exercise of call options)	14,130
Amcor (the majority of which was because of the exercise of call options)	13,391
National Australia Bank (because of the exercise of call options)	12,912
Woolworths (because of the exercise of call options)	12,800
Oil Search* (because of merger with Santos)	12,355

*Complete disposal

New Companies Added to the Portfolio

JB Hi-Fi

Santos (because of merger with Oil Search)

REA Group

Domino's Pizza Enterprises

SCA Property Group

Cochlear

Top 20 Investments at 30 June 2022

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 June 2022

		Total Value $ Million	% of the Portfolio
1	CSL*	50.4	6.5%
2	Transurban Group*	49.7	6.4%
3	BHP*	46.0	5.9%
4	Westpac Banking Corporation*	41.8	5.4%
5	Commonwealth Bank of Australia*	41.5	5.3%
6	Woolworths Group*	37.3	4.8%
7	Wesfarmers*	34.6	4.4%
8	Coles Group*	27.2	3.5%
9	Macquarie Group*	26.3	3.4%
10	Carsales.com*	21.9	2.8%
11	EQT Holdings	21.1	2.7%
12	ASX*	21.0	2.7%
13	James Hardie Industries	20.5	2.6%
14	Telstra Corporation*	19.6	2.5%
15	JB Hi-Fi*	18.4	2.4%
16	Mirvac Group	17.6	2.2%
17	Mainfreight	17.4	2.2%
18	National Australia Bank*	17.2	2.2%
19	Auckland International Airport*	15.6	2.0%
20	Insurance Australia Group*	14.3	1.8%
Total		559.6	

As percentage of total portfolio value (excludes cash)	**71.6%**

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

Portfolio Performance to 30 June 2022

Performance Measures to 30 June 2022	1 Year	5 Years % pa	10 Years % pa	15 Years % pa
Portfolio Return – Net Asset Backing Return Including Dividends Reinvested	-8.0%	3.3%	5.7%	2.7%
S&P/ASX 200 Accumulation Index	-6.5%	6.8%	9.3%	4.7%
180 Day Bank Bills Index	0.7%	1.1%	1.8%	2.9%

Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*	-6.5%	5.5%	8.6%	5.6%
S&P/ASX 200 Gross Accumulation Index*	-5.1%	8.3%	10.9%	6.2%

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

Djerriwarrh Investments Limited

Annual Financial Statements

30 June 2022

Financial statements

Income Statement for the Year Ended 30 June 2022

	Note	2022 $'000	2021 $'000
Dividends and distributions	A3	37,210	28,006
Revenue from deposits and bank bills		2	4
Total revenue		**37,212**	**28,010**
Net gains/(losses) on trading portfolio	A3	(30)	70
Income from options written portfolio	A3	12,524	12,129
Income from operating activities		**49,706**	**40,209**
Finance Costs	B4/D2	(1,420)	(1,815)
Administration expenses	B1	(3,838)	(3,956)
Share of net profit from Associate	B1	30	636
Operating result before income tax expense		**44,478**	**35,074**
Income tax expense*	B2, E2	(4,039)	(3,789)
Net operating result for the year		**40,439**	**31,285**
Net gains/(losses) on open options positions		5,843	(1,104)
Deferred tax on open options positions*	B2, E2	(1,753)	331
		4,090	(773)
Profit for the year		**44,529**	**30,512**
		Cents	**Cents**
Basic earnings per share	A5	18.81	13.36

		2022 $'000	**2021 $'000**
* Total Tax Expense	B2, E2	5,792	3,458

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

Statement of Comprehensive Income for the Year Ended 30 June 2022

	Year to 30 June 2022			Year to 30 June 2021		
	Revenue[1]	**Capital[1]**	**Total**	Revenue[1]	Capital[1]	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Profit for the year	**40,439**	**4,090**	**44,529**	**31,285**	**(773)**	**30,512**
Other Comprehensive Income						
Items that will not be recycled through the Income Statement						
Gains/(Losses) for the period	-	(103,590)	**(103,590)**	-	133,166	**133,166**
Tax on above	-	30,639	**30,639**	-	(42,193)	**(42,193)**
Items that may be recycled through the Income Statement						
Net movement in fair value of swap contracts	-	83	**83**	-	393	**393**
Total Other Comprehensive Income	-	**(72,868)**	**(72,868)**	-	**91,366**	**91,366**
Total Comprehensive Income	**40,439**	**(68,778)**	**(28,339)**	**31,285**	**90,593**	**121,878**

[1] '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'.

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

Balance Sheet as at 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash	D1	1,454	1,236
Receivables		3,677	5,295
Trading portfolio		974	1,019
Total current assets		**6,105**	**7,550**
Non-current assets			
Investment portfolio	A2	783,888	849,078
Deferred tax assets – investment portfolio	B2	15,415	-
Deferred tax assets - other	E2	3,746	6,136
Shares in associate	F5	1,086	1,066
Total non-current assets		**804,135**	**856,280**
Total assets		**810,240**	**863,830**
Current liabilities			
Payables		2,180	78
Borrowings – bank debt	D2	89,000	65,000
Interest rate hedging contracts	B4	-	83
Tax payable		1,344	2,588
Options Sold	A2	3,352	11,544
Total current liabilities		**95,876**	**79,293**
Non-current liabilities			
Deferred tax liabilities – investment portfolio	B2	-	15,828
Total non-current liabilities		**-**	**15,828**
Total liabilities		**95,876**	**95,121**
Net Assets		**714,364**	**768,709**
Shareholders' equity			
Share capital	A1, D6	689,325	686,297
Revaluation reserve	A1, D3	9,167	85,822
Realised capital gains reserve	A1, D4	(71,008)	(74,712)
Interest rate hedging reserve	B4	-	(83)
Retained profits	A1, D5	86,880	71,385
Total shareholders' equity		**714,364**	**768,709**

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

Statement of Changes in Equity for the Year Ended 30 June 2022

Year Ended 30 June 2022

	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		**686,297**	**85,822**	**(74,712)**	**(83)**	**71,385**	**768,709**
Dividends paid	A4	-	-	-	-	(29,034)	**(29,034)**
Shares issued under Dividend Reinvestment Plan	D6	3,043	-	-	-	-	**3,043**
Share Issue Costs	D6	(15)	-	-	-	-	**(15)**
Total transactions with shareholders		**3,028**	**-**	**-**	**-**	**(29,034)**	**(26,006)**
Profit for the year		-	-	-	-	44,529	**44,529**
Other Comprehensive Income (net of tax)							
Net losses for the period on investments[1]		-	(72,951)	-	-	-	**(72,951)**
Net movement in fair value of swap contracts		-	-	-	83	-	**83**
Other Comprehensive Income for the year		-	(72,951)	-	83	-	**(72,868)**
Transfer to Realised Capital Gains Reserve of cumulative gains on investments sold		-	(3,704)	3,704	-	-	**-**
Total equity at the end of the year		**689,325**	**9,167**	**(71,008)** [2]	**-**	**86,880**	**714,364**

[1] Consists of an unrealised loss on investments held at the year-end of $76.7 million (after-tax) less cumulative gains 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.

Statement of Changes in Equity for the Year Ended 30 June 2022 (continued)

Year Ended 30 June 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 year		**652,854**	**(20,539)**	**(59,324)** [2]	**(476)**	**64,330**	**636,845**
Dividends paid	A4	-	-	-	-	(23,457)	**(23,457)**
Shares issued under Dividend Reinvestment Plan	D6	2,411	-	-	-	-	**2,411**
Shares issued under the Share Purchase Plan	D6	31,141	-	-	-	-	**31,141**
Share Issue Costs	D6	(109)	-	-	-	-	**(109)**
Total transactions with shareholders		**33,443**	**-**	**-**	**-**	**(23,457)**	**9,986**
Profit for the year		-	-	-	-	30,512	**30,512**
Other Comprehensive Income (net of tax)							
Net gains for the period on investments[1]		-	90,973	-	-	-	**90,973**
Net movement in fair value of swap contracts		-	-	-	393	-	**393**
Other Comprehensive Income for the year		-	90,973	-	393	-	**91,366**
Transfer to Realised Capital Gains Reserve of cumulative losses on investments sold		-	15,388	(15,388)	-	-	**-**
Total equity at the end of the year		**686,297**	**85,822**	**(74,712)** [2]	**(83)**	**71,385**	**768,709**

[1] Consists of an unrealised gain on investments held at the year-end of $106.4 million (after-tax) less cumulative losses on investments sold during the year of $15.4 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 2022

	Note	**2022 $'000 Inflows/ (Outflows)**	2021 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		1,217	1,195
Purchases for trading portfolio		-	(964)
Interest received		2	4
Proceeds from entering into options in options written portfolio		16,051	28,779
Payment to close out options in options written portfolio		(5,865)	(17,922)
Dividends and distributions received		29,240	19,344
		40,645	30,436
Administration expenses		(3,831)	(3,956)
Finance costs paid		(1,386)	(1,916)
Income taxes paid		(5,218)	(696)
Net cash inflow/(outflow) from operating activities	E1	**30,210**	**23,868**
Cash flows from investing activities			
Sales from investment portfolio		260,972	240,321
Purchases for investment portfolio		(288,958)	(261,402)
Net cash inflow/(outflow) from investing activities		**(27,986)**	**(21,081)**
Cash flows from financing activities			
Drawing down/(repayment) of cash advance facilities		24,000	(13,000)
Shares issued under SPP		-	31,141
Share issue costs		(15)	(109)
Dividends paid		(25,991)	(21,046)
Net cash inflow/(outflow) from financing activities		**(2,006)**	**(3,014)**
Net increase/(decrease) in cash held		218	(227)
Cash at the beginning of the year		1,236	1,463
Cash at the end of the year	D1	**1,454**	**1,236**

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:

	2022	2021
	$'000	$'000
Share capital	689,325	686,297
Revaluation reserve	9,167	85,822
Realised capital gains reserve	(71,008)	(74,712)
Retained profits	86,880	71,385
	714,364	**768,792**

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:

	2022	2021
	$'000	$'000
Equity instruments (at market value)	783,888	849,078
	783,888	849,078

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

Call options	(3,126)	(11,530)
Put options	(226)	(14)
	(3,352)	(11,544)

If all call options were exercised, this would lead to the sale of $252.8 million worth of securities at an agreed price – the 'exposure' (2021: $327.7 million). If all put options were exercised, this would lead to the purchase of $13.1 million of securities at an agreed price (2021 : $8.8 million).

$86.0 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2021: $104.0 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.

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. OTC options are valued internally using external data reference points.

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 2022 and 30 June 2021 were as follows:

	30 June 2022	30 June 2021
Net tangible asset backing per share	**$**	$
Before tax	**2.95**	**3.32**
After tax	3.01	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 twelve 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 $260.1 million (2021 : $242.2 million) of equity securities were sold from the investment portfolio. The cumulative gain (after tax) on the sale of securities was $3.7 million for the period (2021: $15.4 million loss), both after tax. 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 from the investment portfolio, 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 Djerriwarrh'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 Djerriwarrh's investments in 2022 is set out below.

	2022 $'000	2021 $'000
Dividends and distributions		
Dividends from securities held in investment portfolio at 30 June	32,378	24,979
Dividends from investment securities sold during the year	4,796	3,016
Dividends from securities held in trading portfolio at 30 June	36	11
Dividends from trading securities sold during the year	-	-
	37,210	28,006

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 & non-equity investments

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

Net gains		
Net realised gains from securities in the trading portfolio	14	15
Net unrealised gains/(losses) from securities in the trading portfolio	(44)	55
Realised gains on options written portfolio	12,524	12,129
	12,494	12,199

Including the realised gain on options written above, plus the unrealised gain on open options, a total of $18.4 million before tax was recorded through the Income Statement from options in the options written portfolio (2021 : $11.0 million).

A4. Dividends paid and franking credits

The dividends paid and payable for the year ended 30 June 2022 are shown below:

	2022 $'000	2021 $'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2021 of 5.75 cents fully franked at 30% paid 27 August 2021 (2021: 5.25 cents fully franked at 30% paid on 28 August 2020).	13,179	11,709
Interim dividend for the year ended 30 June 2022 of 6.75 cents per share fully franked at 30%, paid 23 February 2022 (2021: 5.25 cents fully franked at 30% paid 22 February 2021)	15,855	11,748
	29,034	23,457
(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	32,085	28,567
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(7,115)	(5,684)
Net available	24,970	22,883
These franking account balances would allow Djerriwarrh to frank additional dividend payments up to an amount of:	58,263	53,394

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 7.0 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2022 to be paid on 26 August 2022, but not recognised as a liability at the end of the financial year is $16.6 million.

(d) Listed Investment Company capital gain account	**2022 $'000**	2021 $'000
Balance of the Listed Investment Company (LIC) capital gain account	1,389	2,699
This equates to an attributable amount	1,985	3,855

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.

A5. Earnings per share

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

Basic Earnings per share	**2022 Number**	2021 Number
Weighted average number of ordinary shares used as the denominator	236,701,342	228,393,128
	$'000	**$'000**
Profit for the year	44,529	30,512
	Cents	**Cents**
Basic earnings per share	18.81	13.36
Basic net operating result per share	**$'000**	**$'000**
Net operating result	40,439	31,285
	Cents	**Cents**
Basic net operating result per share	17.08	13.70

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.

Excluding the impact of the Woodside/BHP Petroleum merger dividend, the profit for the year would have been $38.0 million, the net operating result would have been $33.9 million and the net operating result per share would have been 14.33 cents per share. This compares to a figure last year of 10.94 cents excluding the impact of the Woolworths/Endeavour demerger

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2022 **$'000**	2021 $'000
Administration fees paid to AICS	(2,262)	(2,528)
Share of net profit from AICS as an Associate	30	636
Other administration expenses	(1,576)	(1,428)

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% shareholding in AICS and has 2 Directors on the AICS Board who are involved in approving the annual expenses budget of the Company (Djerriwarrh), amongst other duties which include oversight of risk management and compliance.

A large proportion of the Administration fee paid consists of remuneration payments to the AICS staff. See the Remuneration Report for more details.

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 $**
2022			
Directors	642,188	40,467	682,655
2021			
Directors	601,389	50,486	651,875

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 has also been 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:

(a) Reconciliation of income tax expense to prima facie tax payable

	2022 $'000	2021 $'000
Operating result before income tax expense	**44,478**	**35,074**
Tax at the rate of 30% (2021 – 30%)	13,343	10,522
Tax offset for franked dividends received	(8,989)	(4,381)
Demerger dividend not taxable	-	(1,892)
Tax effect of sundry items not taxable in calculating taxable income or taxable in current year but not included in income	64	(137)
	4,418	**4,112**
Over provision in prior years	(379)	(323)
Income tax expense on operating result before net gains on investments	**4,039**	**3,789**
Net gains (losses) on open options positions	**5,843**	**(1,104)**
Tax at the rate of 30% (2021 – 30%)	1,753	(331)
Tax expense (credit) on net gains on open options positions	**1,753**	**(331)**
Total tax expense	**5,792**	**3,458**

Deferred tax – investment portfolio

	2022 $'000	2021 $'000
Deferred tax (assets)/liabilities on unrealised gains or losses in the investment portfolio	(15,415)	15,828
Opening balance at 1 July	15,828	(31,282)
Tax on realised gains or losses	(604)	4,917
Charged to OCI for ordinary securities on gains or losses for the period	(30,639)	42,193
	(15,415)	15,828

During the second half of the year, a deferred tax asset has arisen on unrealised losses in the investment portfolio. The Company considers its reversal to be probable through the usual course of market movements.

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 Listed Investment Company that invests in tradeable securities, Djerriwarrh 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% and 10% on values at 30 June, if spread equally over all assets in the investment portfolio, would have led to the following reductions (after tax) :

	2022 $'000		2021 $'000	
	5%	10%	5%	10%
Profit after Tax	-	-	-	-
Other Comprehensive Income	(27,436)	(54,872)	(29,718)	(59,435)

An equity market fall of 5% and 10% would have impacted the Options Written Portfolio and Trading Portfolio and led to the following increases (after tax) 30 June :

	2022 $'000		2021 $'000	
	5%	10%	5%	10%
Profit after Tax	83	166	368	737
Other Comprehensive Income	-	-	-	-

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:

	2022	2021
Energy	2.60%	2.93%
Materials	9.90%	11.17%
Industrials	12.77%	14.90%
Consumer Staples	8.24%	7.62%
Banks	14.21%	14.67%
Other Financials (incl. real estate)	22.21%	22.53%
Telecommunications	6.84%	5.98%
Healthcare	11.48%	10.66%
Other –Consumer Discretionary & Info Technology & Utilities	11.56%	9.39%
Cash	0.19%	0.15%

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

	2022
CSL	6.5%
Transurban	6.4%
BHP	5.9%
Westpac	5.4%
CBA	5.3%
	2021
CSL	6.2%
Westpac	5.9%
BHP	5.6%
Transurban	5.3%

No other security represents over 5% 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.

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 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 4" 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. Receivables also include dividends from securities that have passed the record date for the distribution but have not paid as at balance date.

Trading and investment portfolios

Interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. This risk would be realised in the event of a shortfall on winding-up of the issuing companies. As at 30 June 2022, no such investments are held (2021 : Nil).

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.

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	**6-12 months**	**Greater than 1 year**	**Total contractual cash flows**	**Carrying amount**
30 June 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives					
Payables	2,180	-	-	2,180	2,180
Borrowings	89,000	-	-	89,000	89,000
	91,180	-	-	91,180	91,180
Derivatives					
Options written*	13,121	-	-	13,121	3,352
	13,121	-	-	13,121	3,352
30 June 2021					
Non-derivatives					
Payables	78	-	-	78	78
Borrowings	65,000	-	-	65,000	65,000
	65,078	-	-	65,078	65,078
Derivatives					
Options written*	8,755	-	-	8,755	11,544
Interest rate swaps	113	-	-	113	83
	8,868	-	-	8,868	11,627

* 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 the purpose of the above disclosure that all options will be exercised (i.e. maximum cash outflow)

B4. Interest Rate Swaps

	2022 $000	2021 $000
Opening Balance at 1 July	(83)	(476)
Movement for year (net of tax)	83	393
Fair Value of interest rate swap agreements at 30 June	-	(83)

C. Unrecognised items

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

Further notes to the financial statements are included here. These are grouped into grouped into three sections:

D	Balance sheet reconciliations
E	Income statement reconciliations
F	Further information

D. Balance sheet reconciliations

This section provides information about the basis of calculation of line items in the financial statements.

D1. Current assets – cash

	2022	2021
	$'000	$'000
Cash at bank and in hand (including on-call)	1,454	1,236

Cash holdings yielded an average floating interest rate of 0.08% (2021: 0.12%). 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 National Australia Bank would extend cash advance facilities. Details of the facilities are given below.

	2022	2021
	$'000	$'000
Commonwealth Bank of Australia – cash advance facility	130,000	110,000
Amount drawn down at 30 June	79,000	55,000
Undrawn facilities at 30 June	51,000	55,000
National Australia Bank- cash advance facility	20,000	10,000
Amount drawn down at 30 June	10,000	10,000
Undrawn facilities at 30 June	10,000	0
Total short-term loan facilities	150,000	120,000
Total drawn down at 30 June	89,000	65,000
Total undrawn facilities at 30 June	61,000	55,000

The above borrowings, with the exception of the NAB facility, 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.

The current debt facilities are as follows :

Facility Provider	**Amount**	**Expiry Date**
Commonwealth Bank	$30 million	29 June 2023
Commonwealth Bank	$50 million	31 October 2023
Commonwealth Bank	$20 million	31 December 2023

Commonwealth Bank	$30 million	31 December 2024
National Australia Bank	$20 million	26 July 2022
Total Facilities	**$150 million**	

The debt facility with National Australia Bank is structured in the form of a securities lending arrangement. The terms of the agreement require that securities be pledged as collateral for the drawn secured borrowings under that facility and that such securities satisfy a minimum value of $11 million (110% of the total drawn facility). These securities are held by the National Australia Bank but included as part of the Company's investment portfolio. As at 30 June 2022 the market value of the securities pledged as collateral was $13.3 million (2021 : $15.6 million).

D3. Revaluation reserve

	2022 $'000	2021 $'000
Opening balance at 1 July	85,822	(20,539)
Gains/(losses) on investment portfolio	(103,590)	133,166
Deferred tax on above	30,639	(42,193)
Cumulative taxable realised (gains)/losses (net of tax)	(3,704)	15,388
	9,167	85,822

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

	2022 $'000			2021 $'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	1,757	2,551	**4,308**	(16,840)	(3,463)	**(20,303)**
Tax on realised gains/(losses)	(604)	-	**(604)**	4,915	-	**4,915**
	(10,321)	(60,687)	**(71,008)**	(11,474)	(63,238)	**(74,712)**

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.

Note that LIC gains paid to shareholders also include the LIC gains received from other LICs that Djerriwarrh invests in.

D5. Retained profits

	2022 **$'000**	2021 $'000
Opening balance at 1 July	71,385	64,330
Dividends paid	(29,034)	(23,457)
Profit for the year	44,529	30,512
	86,880	71,385

This reserve relates to past profits.

D6. Share capital

Date	**Details**	**Notes**	**Number of shares '000**	**Issue Price $**	**Paid-up Capital $'000**
1/7/2020	Balance		224,253		652,854
28/8/2020	Dividend Reinvestment Plan	**(i)**	484	2.52	1,220
28/8/2020	Dividend Substitution Share Plan	**(ii)**	26	2.52	n/a
22/2/2021	Dividend Reinvestment Plan	**(i)**	412	2.89	1,191
22/2/2021	Dividend Substitution Share Plan	**(ii)**	18	2.89	n/a
3/3/2021	Share Purchase Plan	**(iii)**	10,926	2.85	31,141
	Costs of issue		-	-	(109)
30/6/2021	Balance		236,119		686,297
27/8/2021	Dividend Reinvestment Plan	**(i)**	420	3.10	1,303
27/8/2021	Dividend Substitution Share Plan	**(ii)**	27	3.10	n/a
23/2/2022	Dividend Reinvestment Plan	**(i)**	558	3.12	1,740
23/2/2022	Dividend Substitution Share Plan	**(ii)**	36	3.12	n/a
	Costs of issue		-	-	(15)
30/6/2022	Balance		237,160		689,325

(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 & Cboe in the five days after the shares begin trading on an ex-dividend basis.*

(ii) *The Company has a Dividend Substitution Share Plan (DSSP) whereby shareholders may elect to forgo a dividend and receive shares instead. Pricing for the DSSP shares is done as per the DRP shares.*

(iii) *The Company had a Share Purchase Plan ("SPP") during the previous corresponding period. Shareholders could apply for up to $30,000 worth of new securities. Shares were issued at a 5% discount to the 5-day VWAP calculated up to and including the day on which the SPP closed, being the 22 February 2021. New shares issued under the SPP were entitled to 50% of the final dividend paid on 27 August 2021. The SPP shares converted to ordinary shares on 9 August 2021.*

All shares have been fully paid, rank pari passu (except as related to dividends as noted above) and have no par value.

E. Income statement reconciliations

E1. Reconciliation of net cash flows from operating activities to profit

	2022 $'000	2021 $'000
Profit for the year	**44,529**	**30,512**
Net profit from Associate	(20)	(444)
(Increase) decrease in trading portfolio	45	(1,019)
Demerger dividend (non-cash)	-	(6,305)
Increase (decrease) in options written portfolio	(8,192)	(139)
Dividends received as securities under DRP investments	(6,515)	-
Decrease (increase) in current receivables	1,618	(3,097)
- Less increase (decrease) in receivables for investment portfolio	(1,899)	1,898
Increase (decrease) in deferred tax	(28,853)	41,841
- Less (increase) decrease in deferred tax on investment portfolio	31,243	(47,110)
- Add increase (decrease) in CGT losses carried forward	(604)	4,985
Increase (decrease) in current payables	2,102	(103)
- Less decrease (increase) in payables for investment portfolio	(2,000)	-
Increase (decrease) in provision for tax payable	(1,244)	2,917
- Less CGT provision	-	(68)
Net cash flows from operating activities	**30,210**	**23,868**

E2. Tax reconciliations

Tax expense composition

Charge for tax payable relating to the current year	4,385	4,133
Over provision in prior years	(379)	(323)
Decrease (increase) in deferred tax assets (excl. capital losses)	1,786	(352)
	5,792	**3,458**

Amounts recognised directly through Other Comprehensive Income

Capital losses	-	4,985
Capital losses carried forward from previous year	-	(68)
Capital gains absorbed by brought-forward losses	(604)	-
Net increase in deferred tax assets/liabilities relating to capital gains tax on the movement in gains or losses in the investment portfolio	31,243	(47,110)
	30,639	**(42,193)**

Deferred tax assets

The deferred tax balances are attributable to:

		2022 $'000	2021 $'000
(a)	Tax on unrealised (gains)/losses in the options written portfolio	(522)	1,230
(b)	Tax on unrealised (gains)/losses in the trading portfolio	(3)	(16)
(c)	Provisions and expenses charged to the accounting profit which are not yet tax deductible	14	14
(d)	Interest and dividend income receivable which is not assessable for tax until receipt	(194)	(145)
(e)	Capital Losses	4,451	5,053
		3,746	6,136

Movements:

Opening balance at 1 July	6,136	867
Credited/charged to Income statement	(1,786)	352
Credited/charged to other comprehensive income	(604)	4,917
	3,746	6,136

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:

	2022 **$'000**	2021 $'000
Operating result after income tax expense	40,439	31,285
Add back income tax expense	4,039	3,789
Net gains (losses) on open options positions	5,843	(1,104)
Profit for the year before tax	**50,321**	**33,970**

F. Further information

This section covers 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 and F5).

F2. Remuneration of auditors

During the year the auditor earned the following remuneration:

	2022	2021
	$	$
PricewaterhouseCoopers		
Audit or review of financial reports	150,143	148,146
Permitted Non-Audit Services		
Taxation compliance services	19,197	18,355
Total remuneration	169,340	166,501

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).

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 only one investment comprising more than 10% of Djerriwarrh's income from operating activities –BHP (26.5% including the Woodside/BHP Petroleum merger dividend) (2021 : Woolworths (17.6%) due to the demerger dividend from the Endeavour demerger)

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 on 19 July 2022 in accordance with a resolution of the Board and is presented in the Australian currency. The directors of Djerriwarrh have 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 & 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 2022 ("the inoperative standards”). 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 non-interest bearing monetary financial assets and liabilities of Djerriwarrh approximates their carrying value.

Rounding of amounts

Djerriwarrh 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 Listed Investment Companies, 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.