Australian Equities,
Enhanced Yield

Djerriwarrh

Appendix 4E Statment for the Full-Year Ending 30 June 2023

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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 2023, with the prior corresponding period being the year ended 30 June 2022.

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 7.75 cents per share fully franked, up 0.75 cents or 10.7% from last year. Total dividends for the year ending 30 June 2023 are 15.0 cents, up from 13.75 cents last year, an increase of 9.1%.
- Based on the final dividend declared and the interim dividend paid, the dividend yield on the net asset backing including franking is 6.8%. This represents an enhanced yield of 1.2 percentage points higher than available from the S&P/ASX 200 Index when franking is included.
- The use of options will typically reshape the profile of returns producing more immediate income at the expense of potential capital growth. Portfolio performance for the year, including the benefit of franking credits for those that can fully utilise them, was 14.2%, compared to the S&P/ASX 200 Accumulation Index on the same basis which was 16.6%.
- The final dividend will be paid on 25 August 2023 to ordinary shareholders on the register on 11 August 2023. Shares are expected to trade ex-dividend from 10 August 2023. There is no foreign conduit income of the dividend.
- A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available. The price for both will be set at a nil 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 14 August 2023. 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 $39.0 million. The figure for the Net Operating Result for the prior corresponding period last year was $40.4 million. Excluding the non-cash merger dividend received of $6.5 million resulting from the BHP Petroleum/Woodside merger, last year's figure was $33.9 million.
- Net Operating Result per share was 15.2 cents per share, down from 17.1 cents last year. Excluding the non-cash BHP Petroleum/Woodside merger dividend, the Net Operating Result last year would have been 14.3 cents per share.
- Net Profit attributable to members was $39.1 million, 12.3% down from $44.5 million in the previous corresponding period, equivalent to 15.2 cents per share (2022:18.8 cents)
- Revenue from operating activities was $35.7 million, down 4.0% from the previous corresponding period.
- The interim dividend for the 2023 financial year was 7.25 cents per share (up from 6.75 cents last year), fully franked, and it was paid to shareholders on 22 February 2023.
- 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 2023 were $3.16 (before allowing for the final dividend), up from $2.95 (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 Tuesday 25 July at 3.30pm (AEST). Details are on the website at djerri.com.au.
- The 2023 AGM will be held at 10am on Thursday 12 October 2023. Further details on how to participate will be sent to shareholders.

Final Dividend Up 10.7%, Fully Franked Dividend Yield Remains Well Above the Yield of the ASX 200 Index

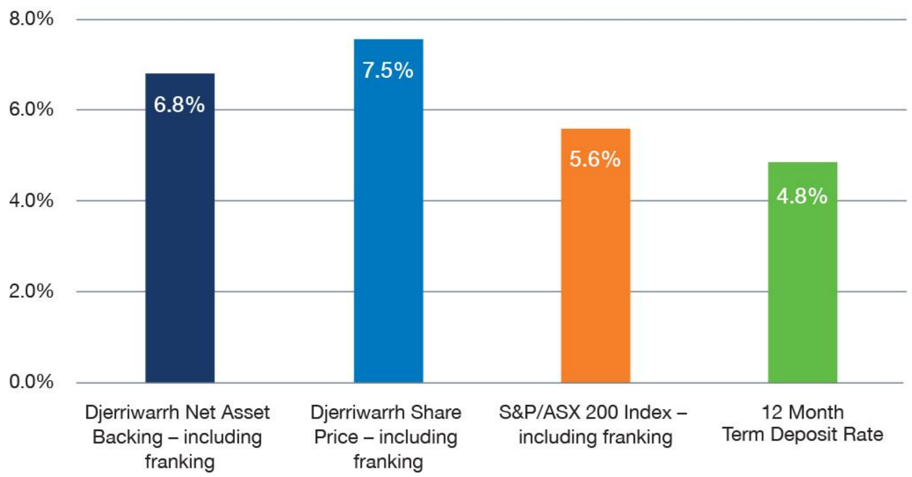
Full Year Report to 30 June 2023

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/ASX 200 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 7.75 cents per share fully franked, up 10.7% from 7.0 cents per share fully franked for the corresponding period last year and an increase from the interim dividend of 7.25 cents per share. We have been able to increase the final dividend primarily due to another strong result from our option activities.

Total dividends for the year are 15.0 cents per share. This has produced a fully franked dividend yield 1.2 percentage points higher than available from the S&P/ASX 200 Index. Last financial year total dividends w 13.75 cents per share. Total dividends for the year have increased 9.1% over the last financial year.

Yield at 30 June 2023 (based on the final dividend declared and interim dividend paid)



The use of options will typically reshape the profile of returns producing more immediate income at the expense of potential capital growth. In the context of the strong market over the financial year, Djerriwarrh produced satisfactory capital growth in addition to the enhanced income from the portfolio with a total return including franking over the 12 months to 30 June 2023 of 14.2%. The S&P/ASX 200 Accumulation Index return including franking over the corresponding period was positive 16.6%.

The Full Year Profit was $39.1 million, up from the previous corresponding period figure of $38.0 million (this figure excludes the non-cash dividend of $6.5 million received last year resulting from the BHP Petroleum/Woodside merger).

Key components of this result were:

> income from investments was $35.7 million; and

> income from option activity was $14.8 million, well ahead of the corresponding period last year of $12.5 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 $39.0 million. Excluding the merger dividend, the figure for the corresponding period last year was $33.9 million.

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 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 year to 30 June 2023 was 15.2 cents per share. Excluding the BHP Petroleum/Woodside merger dividend, the figure for the corresponding period last year was 14.3 cents per share.

In the financial year to 30 June 2023 there was significant improvement in the amount of option income generated, $14.8 million versus $12.5 million in the corresponding period last year.

Dividend income increased 16% to $35.6 million from $30.7 million (excluding the BHP Petroleum/Woodside merger dividend) in the previous financial year.

The portfolio benefited this year from large increases in dividend income received from JB Hi-Fi, Woodside Energy Group, Region Group and National Australia Bank as a result of our increased holdings in these companies. We also benefitted from higher dividends paid by Macquarie Group, Commonwealth Bank and Transurban.

These contributions helped offset the expected fall in dividends provided by BHP and Rio Tinto over the year. We also saw lower dividend income from James Hardie given its decision to suspend its dividend.

There were no realised capital gains distributed during the year.

A final dividend of 7.75 cents per share fully franked has been declared, up from 7.0 cents per share fully franked in the corresponding period last year, and ahead of the interim dividend of 7.25 cents per share declared in respect of the 2022/23 financial year.

Based on the final dividend declared and interim dividend paid, the dividend yield on the current net asset backing is 4.7%, and 6.8% 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 an enhanced yield of 1.2 percentage points higher than available from the S&P/ASX 200 Index.

Portfolio Performance

The use of options will typically reshape the profile of returns producing more immediate income at the expense of potential capital growth. In the context of the strong market over the financial year, Djerriwarrh produced satisfactory capital growth in addition to the enhanced income from the portfolio.

Djerriwarrh's total portfolio return for the 12 months to 30 June 2023 was 14.2% after including the benefit of franking credits. The S&P/ASX 200 Accumulation Index return including franking was 16.6%.

The more significant contributors (including dividends and option income) to Djerriwarrh's portfolio performance over the 12-month period were BHP, Wesfarmers, Commonwealth Bank of Australia, Westpac Banking Corporation, and Carsales.com.

Option Activity

Option income increased 18% to $14.8 million for the financial year. This was a very pleasing result, especially given the portfolio's average call option coverage for the financial year was 32%, which was at the lower end of our target 30% to 40% range. This meant that we generated a significant amount of option income while still benefiting from the majority of the capital growth produced by the market.

Call option positions were actively managed through the financial year. The portfolio's call option coverage began the year at 26%, below our 30% to 40% target range. This proved beneficial as the S&P/ASX 200 Index rose by 9% from early July 2022 through to late August 2022.

Call option coverage was subsequently increased to 35% to 40% when the S&P/ASX 200 Index traded in a broad range between early November 2022 to March 2023. This enabled us to book a significant amount of option income without foregoing much capital growth.

Call option coverage finished the financial year at 32%. Overall, call options contributed $14.2 million of option income for the financial year.

Put options were also selectively written throughout the period when we saw good value. Overall, $0.6 million of income was generated from put options, and we were not exercised on any of these positions.

In terms of our overall option strategy, our goal remains to write single stock options against companies held in the portfolio to generate additional income. This is a key contributor to Djerriwarrh's ability to meet its enhanced yield objective. We also limit our overall call option coverage of the portfolio in order to achieve long- term capital growth.

The level of option income generated each year 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 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 quality companies that we assessed as being able to deliver the right amount of income and growth for the portfolio.

The largest purchase for the period was BHP. This was done both to replace the stock that was sold as a result of option exercises, as well as to increase our overall position in the company.

We significantly increased our position in National Australia Bank. The vast majority of our buying was done at attractive prices post the share price sell-off after its first half profit result.

Given the attractive value and dividend yields that we saw in the financials and real estate sectors through March and April, we also made significant purchases in Westpac Banking Corporation, Macquarie Group, Commonwealth Bank, Region Group and Computershare.

We added two new stocks to the portfolio during the period - Port of Tauranga and Macquarie Technology Group.

Port of Tauranga is a New Zealand listed company that owns that country's dominant port asset, as well as ownership stakes in a number of other assets and businesses in New Zealand. We view Port of Tauranga as a high-quality, unique infrastructure investment that we think can offer our portfolio strong income and growth over the long term.

Macquarie Technology Group is a business that provides cloud, data centre and cyber security services to Australian Government agencies and corporates. It owns and operates high-quality data centres and has significant growth potential from the strong customer demand that they are experiencing. We were able to establish a position in the company through their equity raising in June 2023.

Major sales for the period included option exercises in companies such as BHP, Woolworths, Commonwealth Bank, Westpac Banking Corporation and Carsales.com.

We exited our positions in IRESS, Atlas Arteria, Amcor, InvoCare, Brambles and Sonic Healthcare, and significantly reduced our position in IAG towards the end of the financial year as a result of option exercises combined with active selling.

As at 30 June 2023 the investment portfolio comprised holdings in 48 companies with a total market value of $913.8 million. This compares to 52 companies with a total value of $783.9 million at 30 June 2022. Part of this increase was due to the share purchase plan undertaken in August 2022 which raised $63.5 million.

Outlook

We believe that the adjustments made to the portfolio during the last 12 months set the portfolio up well for dividend income in the coming financial year.

On the positive side we expect the major banks to largely hold their dividend payments over the next 12 months. Our increased holdings in high dividend yielding stocks such as National Australia Bank and Westpac Banking Corporation should increase our dividend income received from these companies.

In the case of resources, current market expectations are for another fall in the dividends paid by BHP, Rio Tinto and Woodside Energy. Commodity markets are inherently volatile and so earnings and dividend forecasts for resource companies can move around significantly in the short term. Even factoring in expected dividend cuts we have been able to selectively add to our holdings in these companies at what we believe to be attractive prices and yields.

The financial health of Australian households will have a large influence on the profitability of retail businesses such as JB Hi-Fi, Wesfarmers, Coles and Woolworths. These companies are all large holdings in our portfolio and are typically strong contributors to our dividend income. At this stage, despite some concerns about the economy, the strength of their respective balance sheets should support a reasonable level of dividends.

The current positioning of the options book is encouraging. Call option coverage sits at 32% with very few positions currently 'in the money'. This leaves us well placed to generate option income for the first half of the financial year while also being well positioned to benefit from any potential capital growth in the market.

Our ability to match or slightly improve on last year's option income result will largely be a function of our ability to re-write call option coverage in the latter part of calendar year 2023. In addition, our option income potential will continue to be influenced by volatility levels across the broader share market which can vary depending on investor sentiment.

We continue to believe that owning a diversified portfolio of quality companies alongside our actively managed options strategy can produce an attractive level of income and capital growth over the long term, thereby enabling us to meet Djerriwarrh's investment objectives.

Please direct any enquiries to:

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Managing Director	General Manager
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24 July 2023

Major Transactions in the Investment Portfolio

Acquisitions	Cost ($m)
BHP	42.0
National Australia Bank	39.0
Commonwealth Bank of Australia	21.1
Macquarie Group	19.1
Westpac Banking Corporation	15.0
Region Group	13.1
JB Hi-Fi	11.0

Disposals	Proceeds ($m)
BHP (because of the exercise of call options)	29.1
Insurance Australia Group	14.0
IRESS#	12.6
Woolworths (because of the exercise of call options)	11.6
Westpac Banking Corporation (because of the exercise of call options)	9.9

Complete disposal from the portfolio.

New Companies Added to the Portfolio

Port of Tauranga

Macquarie Technology Group

Top 20 Investments at 30 June 2023

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 June 2023

		Total Value $ Million	% of the Portfolio
1	BHP*	67.1	7.4%
2	Commonwealth Bank of Australia*	58.1	6.4%
3	Westpac Banking Corporation*	52.1	5.7%
4	CSL*	52.0	5.7%
5	National Australia Bank*	49.7	5.5%
6	Macquarie Group*	48.2	5.3%
7	Transurban Group*	47.0	5.2%
8	Wesfarmers*	41.0	4.5%
9	JB Hi-Fi*	29.3	3.2%
10	Woolworths Group*	29.2	3.2%
11	Coles Group*	27.3	3.0%
12	EQT Holdings	26.0	2.9%
13	ASX *	22.7	2.5%
14	Carsales.com*	21.3	2.3%
15	James Hardie Industries*	20.3	2.2%
16	Mirvac Group*	20.0	2.2%
17	Telstra Group*	19.7	2.2%
18	Goodman Group*	19.0	2.1%
19	Woodside Energy Group*	18.8	2.1%
20	Region Group*	18.2	2.0%
Total		**687.0**	
As percentage of total portfolio value (excludes cash)			**75.5%**

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

Portfolio Performance to 30 June 2023

Performance Measures to 30 June 2023	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
Portfolio Return – Net Asset Backing Return Including Dividends Reinvested	12.0%	9.6%	3.9%	5.1%
S&P/ASX 200 Accumulation Index	14.8%	11.1%	7.2%	8.6%
Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*	14.2%	11.4%	6.0%	7.8%
S&P/ASX 200 Gross Accumulation Index*	16.6%	12.6%	8.6%	10.1%

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

Past performance is not indicative of future performance.

Djerriwarrh Investments Limited

Annual Financial Statements

30 June 2023

Financial statements

Income Statement for the Year Ended 30 June 2023

	Note	2023 $'000	2022 $'000
Dividends and distributions	A3	35,613	37,210
Revenue from deposits and bank bills		118	2
Total revenue		**35,731**	**37,212**
Net gains/(losses) on trading portfolio	A3	93	(30)
Income from options written portfolio	A3	14,829	12,524
Income from operating activities		**50,653**	**49,706**
Finance Costs	D2	(3,541)	(1,420)
Administration expenses	B1	(4,095)	(3,838)
Share of net profit from Associate	B1	642	30
Operating result before income tax expense		**43,659**	**44,478**
Income tax expense*	B2, E2	(4,633)	(4,039)
Net operating result for the year		**39,026**	**40,439**
Net gains/(losses) on open options positions		44	5,843
Deferred tax on open options positions*	B2, E2	(13)	(1,753)
		31	4,090
Profit for the year		**39,057**	**44,529**
		Cents	**Cents**
Basic earnings per share	A5	15.18	18.81

		2023 **$'000**	**2022** **$'000**
* Total Tax Expense	B2, E2	4,646	5,792

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

Statement of Comprehensive Income for the Year Ended 30 June 2023

	Year to 30 June 2023			Year to 30 June 2022		
	Revenue[1]	**Capital[1]**	**Total**	Revenue[1]	Capital[1]	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Profit for the year	**39,026**	**31**	**39,057**	**40,439**	**4,090**	**44,529**
Other Comprehensive Income						
Items that will not be recycled through the Income Statement						
Gains/(Losses) for the period	-	57,500	**57,500**	-	(103,590)	**(103,590)**
Tax on above	-	(17,587)	**(17,587)**	-	30,639	**30,639**
Items that may be recycled through the Income Statement						
Net movement in fair value of swap contracts	-	-	**-**	-	83	**83**
Total Other Comprehensive Income	-	**39,913**	**39,913**	-	**(72,868)**	**(72,868)**
Total Comprehensive Income	**39,026**	**39,944**	**78,970**	**40,439**	**(68,778)**	**(28,339)**

[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 2023

	Note	**2023** **$'000**	2022 $'000
Current assets			
Cash	D1	789	1,454
Receivables		6,093	3,677
Trading portfolio		256	974
Total current assets		**7,138**	**6,105**
Non-current assets			
Investment portfolio	A2	913,798	783,888
Deferred tax assets – investment portfolio	B2	368	15,415
Deferred tax assets - other	E2	1,113	3,746
Shares in associate	F5	1,534	1,086
Total non-current assets		**916,813**	**804,135**
Total assets		**923,951**	**810,240**
Current liabilities			
Payables		768	2,180
Borrowings – bank debt	D2	93,500	89,000
Tax payable		414	1,344
Options Sold	A2	3,864	3,352
Total current liabilities		**98,546**	**95,876**
Total liabilities		**98,546**	**95,876**
Net Assets		**825,405**	**714,364**
Shareholders' equity			
Share capital	A1, D6	756,573	689,325
Revaluation reserve	A1, D3	47,673	9,167
Realised capital gains reserve	A1, D4	(69,601)	(71,008)
Retained profits	A1, D5	90,760	86,880
Total shareholders' equity		**825,405**	**714,364**

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

Statement of Changes in Equity for the Year Ended 30 June 2023

Year Ended 30 June 2023

	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year		**689,325**	**9,167**	**(71,008)**	**86,880**	**714,364**
Dividends paid	A4	-	-	-	(35,177)	**(35,177)**
Shares issued under Dividend Reinvestment Plan	D6	3,872	-	-	-	**3,872**
Shares issued under Share Purchase Plan	D6	63,508	-	-	-	**63,508**
Share Issue Costs	D6	(132)	-	-	-	**(132)**
Total transactions with shareholders		**67,248**	**-**	**-**	**(35,177)**	**32,071**
Profit for the year		-	-	-	39,057	**39,057**
Other Comprehensive Income (net of tax)						
Net gains for the period on investments[1]		-	39,913	-	-	**39,913**
Other Comprehensive Income for the year		-	39,913	-	-	**39,913**
Transfer to Realised Capital Gains Reserve of cumulative gains on investments sold		-	(1,407)	1,407	-	**-**
Total equity at the end of the year		**756,573**	**47,673**	**(69,601)** [2]	**90,760**	**825,405**

[1] Consists of an unrealised gain on investments held at the year-end of $38.5 million (after-tax) plus cumulative gains on investments sold during the year of $1.4 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 2023 (continued)

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.

Cash Flow Statement for the Year Ended 30 June 2023

	Note	**2023 $'000 Inflows/ (Outflows)**	2022 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		3,230	1,217
Purchases for trading portfolio		(1,979)	-
Interest received		118	2
Proceeds from entering into options in options written portfolio		18,444	16,051
Payment to close out options in options written portfolio		(3,058)	(5,865)
Dividends and distributions received		33,272	29,240
		50,027	40,645
Administration expenses		(4,076)	(3,831)
Finance costs paid		(3,461)	(1,386)
Income taxes paid		(5,297)	(5,218)
Net cash inflow/(outflow) from operating activities	E1	**37,193**	**30,210**
Cash flows from investing activities			
Sales from investment portfolio		161,631	260,972
Purchases for investment portfolio		(236,060)	(288,958)
Net cash inflow/(outflow) from investing activities		**(74,429)**	**(27,986)**
Cash flows from financing activities			
Drawing down/(repayment) of bank debt		4,500	24,000
Shares issued under SPP		63,508	-
Share issue costs		(132)	(15)
Dividends paid		(31,305)	(25,991)
Net cash inflow/(outflow) from financing activities		**36,571**	**(2,006)**
Net increase/(decrease) in cash held		(665)	218
Cash at the beginning of the year		1,454	1,236
Cash at the end of the year	D1	**789**	**1,454**

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 is provided below:

	2023	2022
	$'000	$'000
Share capital	756,573	689,325
Revaluation reserve	47,673	9,167
Realised capital gains reserve	(69,601)	(71,008)
Retained profits	90,760	86,880
	825,405	**714,364**

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:

	2023 $'000	2022 $'000
Equity instruments (at market value)	913,798	783,888
	913,798	783,888

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	(3,776)	(3,126)
Put options	(88)	(226)
	(3,864)	(3,352)

If all call options were exercised, this would lead to the sale of $320.4 million worth of securities at an agreed price – the 'exposure' (2022: $252.8 million). If all put options were exercised, this would lead to the purchase of $12.1 million of securities at an agreed price (2022 : $13.1 million).

$93.6 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2022: $86.0 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 2023 and 30 June 2022 were as follows:

	30 June 2023	30 June 2022
Net tangible asset backing per share	**$**	$
Before tax	**3.16**	**2.95**
After tax	3.16	3.01

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 solely 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 $161.7 million (2022 : $260.1 million) of equity securities were sold from the investment portfolio. The cumulative gain (after tax) on the sale of securities was $1.4 million for the period (2022: $3.7 million), 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 2023 is set out below.

	2023 $'000	2022 $'000
Dividends and distributions		
Dividends from securities held in investment portfolio at 30 June	31,336	32,378
Dividends from investment securities sold during the year	4,253	4,796
Dividends from securities held in trading portfolio at 30 June	6	36
Dividends from trading securities sold during the year	18	-
	35,613	37,210

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	107	14
Net unrealised gains/(losses) from securities in the trading portfolio	(14)	(44)
Realised gains on options written portfolio	14,829	12,524
	14,922	12,494

Including the realised gain on options written above, plus the unrealised gain on open options, a total of $14.9 million before tax was recorded through the Income Statement from options in the options written portfolio (2022 : $18.4 million).

A4. Dividends paid and franking credits

The dividends paid and payable for the year ended 30 June 2023 are shown below:

	2023 $'000	2022 $'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2022 of 7.0 cents fully franked at 30% paid 26 August 2022 (2022: 5.75 cents fully franked at 30% paid on 27 August 2021).	16,456	13,179
Interim dividend for the year ended 30 June 2023 of 7.25 cents per share fully franked at 30%, paid 22 February 2023 (2022: 6.75 cents fully franked at 30% paid 23 February 2022)	18,721	15,855
	35,177	29,034
(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	32,562	32,085
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(8,684)	(7,115)
Net available	23,878	24,970
These franking account balances would allow Djerriwarrh to frank additional dividend payments up to an amount of:	55,715	58,263

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 7.75 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2023 to be paid on 25 August 2023, but not recognised as a liability at the end of the financial year is $20.3 million.

(d) Listed Investment Company capital gain account	**2023 $'000**	2022 $'000
Balance of the Listed Investment Company (LIC) capital gain account	2,266	1,389
This equates to an attributable amount	3,237	1,985

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	**2023 Number**	2022 Number
Weighted average number of ordinary shares used as the denominator	257,353,859	236,701,342
	$'000	**$'000**
Profit for the year	39,057	44,529
	Cents	**Cents**
Basic earnings per share	15.18	18.81
Basic net operating result per share	**$'000**	**$'000**
Net operating result	39,026	40,439
	Cents	**Cents**
Basic net operating result per share	15.16	17.08

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 previous corresponding period (year ended 30 June 2022) 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.

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2023 $'000	2022 $'000
Administration fees paid to AICS	(2,442)	(2,262)
Share of net profit from AICS as an Associate	642	30
Other administration expenses	(1,653)	(1,576)

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 1 Director on the AICS Board who is also involved (as part of the Company's Board) 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 $**
2023			
Directors	664,759	44,409	709,168
2022			
Directors	642,188	40,467	682,655

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

	2023 $'000	2022 $'000
Operating result before income tax expense	**43,659**	**44,478**
Tax at the rate of 30% (2022 – 30%)	13,098	13,343
Tax offset for franked dividends received	(7,685)	(8,989)
Tax effect of sundry items not taxable in calculating taxable income or taxable in current year but not included in income	(309)	64
	5,104	**4,418**
Over provision in prior years	(471)	(379)
Income tax expense on operating result before net gains on investments	**4,633**	**4,039**
Net gains (losses) on open options positions	**44**	**5,843**
Tax at the rate of 30% (2022 – 30%)	13	1,753
Tax expense (credit) on net gains on open options positions	**13**	**1,753**
Total tax expense	**4,646**	**5,792**

Deferred tax – investment portfolio

	2023 $'000	2022 $'000
Deferred tax (assets)/liabilities on unrealised gains or losses in the investment portfolio	(368)	(15,415)
Opening balance at 1 July	(15,415)	15,828
Tax on realised gains or losses	(2,540)	(604)
Charged to OCI for ordinary securities on gains or losses for the period	17,587	(30,639)
	(368)	(15,415)

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) :

	2023 $'000		**2022 $'000**	
	5%	10%	5%	10%
Profit after Tax	-	-	-	-
Other Comprehensive Income	(31,983)	(63,966)	(27,436)	(54,872)

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

	2023 $'000		**2022 $'000**	
	5%	10%	5%	10%
Profit after Tax	126	253	83	166
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:

	2023	2022
Energy	3.19%	2.60%
Materials	10.80%	9.90%
Industrials	11.59%	12.77%
Consumer Discretionary	10.43%	9.41%
Consumer Staples	6.19%	8.24%
Banks	18.81%	14.21%
Other Financials (incl. real estate)	22.95%	22.21%
Telecommunications	6.61%	6.84%
Healthcare	9.01%	11.48%
Other – incl. Info Technology & Utilities	0.33%	2.15%
Cash	0.09%	0.19%

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

	2023
BHP	7.4%
CBA	6.4%.
Westpac	5.7%
CSL	5.7%
National Australia Bank	5.5%
Macquarie Group	5.3%
Transurban	5.2%
	2022
CSL	6.5%
Transurban	6.4%
BHP	5.9%
Westpac	5.4%
CBA	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 2023, no such investments are held (2022 : 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 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivatives					
Payables	768	-	-	768	768
Borrowings	93,500	-	-	93,500	93,500
	94,268	-	-	94,268	94,268
Derivatives					
Options written*	12,074	-	-	12,074	3,864
	12,074	-	-	12,074	3,864
30 June 2022					
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

* 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)

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

	2023 $'000	2022 $'000
Cash at bank and in hand (including on-call)	789	1,454

Cash holdings yielded an average floating interest rate of 2.97% (2022: 0.08%). 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.

	2023 $'000	2022 $'000
Commonwealth Bank of Australia – cash advance facility	130,000	130,000
Amount drawn down at 30 June	83,500	79,000
Undrawn facilities at 30 June	46,500	51,000
National Australia Bank- cash advance facility	20,000	20,000
Amount drawn down at 30 June	10,000	10,000
Undrawn facilities at 30 June	10,000	10,000
Total short-term loan facilities	150,000	150,000
Total drawn down at 30 June	93,500	89,000
Total undrawn facilities at 30 June	56,500	61,000

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	$10 million	31 October 2023
Commonwealth Bank	$20 million	31 December 2023
Commonwealth Bank	$30 million	31 December 2024

Commonwealth Bank	$30 million	29 June 2025
Commonwealth Bank	$40 million	29 October 2025
National Australia Bank	$20 million	25 July 2023
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 2023 the market value of the securities pledged as collateral was $15.9 million (2022 : $13.3 million).

D3. Revaluation reserve

	2023 $'000	2022 $'000
Opening balance at 1 July	9,167	85,822
Gains/(losses) on investment portfolio	57,500	(103,590)
Deferred tax on above	(17,587)	30,639
Cumulative taxable realised (gains)/losses (net of tax)	(1,407)	(3,704)
	47,673	9,167

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

	2023 $'000			2022 $'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	(10,321)	(60,687)	**(71,008)**	(11,474)	(63,238)	**(74,712)**
Dividends paid	-	-	**-**	-	-	**-**
Cumulative taxable realised (losses)/gains for period	8,146	(4,199)	**3,947**	1,757	2,551	**4,308**
Tax on realised gains/(losses)	(2,540)	-	**(2,540)**	(604)	-	**(604)**
	(4,715)	(64,886)	**(69,601)**	(10,321)	(60,687)	**(71,008)**

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

Since inception, the Company has paid out approximately $170 million of fully-franked dividends from the realised capital gains reserve. No dividends have been paid from the realised capital gains reserve during the current year or the previous year.

D5. Retained profits

	2023 $'000	2022 $'000
Opening balance at 1 July	86,880	71,385
Dividends paid	(35,177)	(29,034)
Profit for the year	39,057	44,529
	90,760	86,880

This reserve reflects cumulative profits less cumulative dividends paid.

D6. Share capital

Date	**Details**	**Notes**	**Number of shares '000**	**Issue Price $**	**Paid-up Capital $'000**
1/7/2021	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
25/8/2022	Share Purchase Plan	**(iii)**	22,842	2.78	63,508
26/8/2022	Dividend Reinvestment Plan	**(i)**	645	2.85	1,838
26/8/2022	Dividend Substitution Share Plan	**(ii)**	51	2.85	n/a
22/2/2023	Dividend Reinvestment Plan	**(i)**	704	2.89	2,034
22/2/2023	Dividend Substitution Share Plan	**(ii)**	62	2.89	n/a
	Costs of issue		-	-	(132)
30/6/2023	Balance		261,464		756,573

(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 year. Shareholders could apply for up to $30,000 worth of new securities. Shares were issued at a 2.5% discount to the 5-day VWAP calculated prior to the day on which the SPP was announced, being the 19 July 2022. Shares issued under the SPP were not entitled to the final dividend paid on 26 August 2022.*

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

The Company has an on-market buyback plan in place. No shares were purchased under this plan during the year.

E. Income statement reconciliations

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

	2023 $'000	2022 $'000
Profit for the year	**39,057**	**44,529**
Net profit from Associate	(448)	(20)
(Increase) decrease in trading portfolio	718	45
Increase (decrease) in options sold portfolio	512	(8,192)
Dividends received as securities under DRP investments	-	(6,515)
Decrease (increase) in current receivables	(2,416)	1,618
- Less increase (decrease) in receivables for investment portfolio	19	(1,899)
Increase (decrease) in deferred tax	17,680	(28,853)
- Less (increase) decrease in deferred tax on investment portfolio	(15,047)	31,243
- Add increase (decrease) in CGT losses carried forward	(2,540)	(604)
Increase (decrease) in current payables	(1,412)	2,102
- Less decrease (increase) in payables for investment portfolio	2,000	(2,000)
Increase (decrease) in provision for tax payable	(930)	(1,244)
- Less CGT provision	-	-
Net cash flows from operating activities	**37,193**	**30,210**

E2. Tax reconciliations

Tax expense composition

Charge for tax payable relating to the current year	5,024	4,385
Over provision in prior years	(471)	(379)
Decrease (increase) in deferred tax assets (excl. capital losses)	93	1,786
	4,646	**5,792**

Amounts recognised directly through Other Comprehensive Income

Capital gains absorbed by brought-forward losses	(2,540)	(604)
Net increase in deferred tax assets/liabilities relating to capital gains tax on the movement in gains or losses in the investment portfolio	(15,047)	31,243
	(17,587)	**30,639**

Deferred tax assets - other

The deferred tax balances are attributable to:

		2023 $'000	2022 $'000
(a)	Tax on unrealised (gains)/losses in the options written portfolio	(536)	(522)
(b)	Tax on unrealised (gains)/losses in the trading portfolio	(31)	(3)
(c)	Provisions and expenses charged to the accounting profit which are not yet tax deductible	21	14
(d)	Interest and dividend income receivable which is not assessable for tax until receipt	(252)	(194)
(e)	Capital Losses	1,911	4,451
		1,113	3,746

Movements:

Opening balance at 1 July	3,746	6,136
Credited/charged to Income statement	(93)	(1,786)
Credited/charged to other comprehensive income	(2,540)	(604)
	1,113	3,746

Deferred tax assets arise when provisions and expenses have been charged but are not yet tax deductible or where the Company has carried forward capital losses.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:

	2023 $'000	2022 $'000
Operating result after income tax expense	39,026	40,439
Add back income tax expense	4,633	4,039
Net gains (losses) on open options positions	44	5,843
Profit for the year before tax	**43,703**	**50,321**

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:

	2023	2022
	$	$
PricewaterhouseCoopers		
Audit or review of financial reports	105,870	98,415
Permitted Non-Audit Services		
CGT compliance review	63,702	51,729
Taxation compliance services	20,116	19,196
Total remuneration	189,688	169,340

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 structure of 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 12.9% (2022 : BHP (26.5% including the Woodside/BHP Petroleum merger dividend)).

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 24 July 2023 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 2023 ("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 Limited (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.