

21 August 2014

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

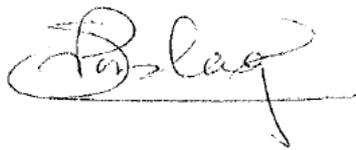
Electronic Lodgement

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

Dear Sir / Madam

Please find attached the 2014 Statutory Annual Report, Annual Shareholder Review, Notice of Meeting and Proxy Form being sent to shareholders.

Yours faithfully



Simon Pordage
Company Secretary



Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD

Annual Report
2014



The investment goals of Djerriwarrh are:

- ▶ To provide attractive total returns including capital growth over the medium to long term.
- ▶ To pay an enhanced level of dividends.

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DIRECTORS' REPORT

This report in relation to the financial year to 30 June 2014 is presented by the Directors of Djerriwarrh Investments Limited ('the Company') in accordance with a resolution of Directors.

YEAR IN SUMMARY

PROFIT FOR THE YEAR \$42.9m ▲ Up 13.9% from 2013	TOTAL PORTFOLIO RETURN +15.6% S&P/ASX 200 Accumulation Index +17.4%	TOTAL PORTFOLIO \$889.7m Including cash \$856.4 million in 2013
NET OPERATING RESULT \$42.4m ▲ Up 20.8% from 2013	TOTAL SHAREHOLDER RETURN +17.4% Share price plus dividends	
FULLY FRANKED DIVIDEND 16¢ Final 26¢ Total ■ Same as 2013	MANAGEMENT EXPENSE RATIO 0.39% 0.39% in 2013	

5 YEAR SUMMARY

	2014	2013	2012	2011	2010
Net profit after tax (\$ million)	42.9	37.7	44.1	56.9	25.0
Net operating result after tax (\$ million)	42.4	35.1	37.9	54.9	43.7
Investments at market value (\$ million) ^(a)	871.4	765.0	729.0	811.8	720.3
Dividends per share (cents) ^(b)	26.0	26.0	26.0	26.0	26.0
Net asset backing per share (cents) ^(c)	376	350	317	359	349
Number of shareholders (30 June)	19,035	19,005	18,779	18,933	19,102

Notes

(a) Excludes cash.

(b) All dividends were fully franked. For 2014 the dividend carried attributable 'LIC gain' of 10 cents and for 2013 it was 14.3 cents. There were no attributable LIC gains attached to the dividend for 2012. In 2011 and 2010, the dividends carried attributable 'LIC gain' of 8.6 cents.

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

ABOUT THE COMPANY

Djerriwarrh Investments is a listed investment company investing in Australian equities. For stocks where there is an options market the Company often uses options to enhance the income return to investors.

The Company aims to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested.

Djerriwarrh has been in operation since December 1989. The Company was listed in June 1995.

Investment Aims

Djerriwarrh aims to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested.

In this regard the primary goals are:

- to provide attractive total return including capital growth over the medium to long term; and
- to pay an enhanced level of dividends.

Approach to Investing

The investment philosophy is built on taking a medium to longer term view of value which means the Company tends to buy and hold individual stocks for the long term based on selection criteria which, in summary, comprises a focus on:

- formulation and execution of the business strategy of the companies in which we invest and their underlying business value; and
- key financial indicators, including prospective price earnings relative to projected growth, sustainability of earnings and dividend yield (including franking) and balance sheet position including gearing, interest cover and cash flow.

At the same time we concentrate on stocks where there is an active options market. This is intended to give scope for the writing of Exchange Traded Options with the level of the portfolio 'covered' by call options typically ranging between 20 to 50 per cent of the total portfolio at any one time.

Djerriwarrh has access to lines of credit which allows the Company to gear its balance sheet when appropriate investment returns are available to enhance shareholder returns.

Our Structure

The Company has a 'closed end' structure which means that the number of shares on issue is fixed and set by the Board from time to time. As a result, Djerriwarrh does not issue new shares or cancel them as investors enter and leave. This allows the Company to concentrate on the performance of the funds invested over the longer term without having to consider any inflow or outflow of monies. The nature of the listed investment company structure and a continued focus on the efficiency of the business also ensures administration costs and management fees are maintained at extremely competitive levels. In the financial year for 2013–14, this was 0.39 per cent of the portfolio's average market value.

By investing in Djerriwarrh, shareholders have access to:

- a diversified portfolio of about 50 of Australia's major companies and to a Board and Investment Committee with extensive investment skills and practical business experience; and
- capabilities in option trading, which are not readily available to retail investors, to generate additional income providing the opportunity for a higher fully franked dividend yield than is typically available in the Australian market.

The portfolio and option positions are continually monitored with the Investment Committee meeting regularly (normally weekly) to review all option trades and to approve investment decisions.

Investing in Djerriwarrh

As a listed investment company, Djerriwarrh shares can be bought or sold through the stock market (ASX Code: DJW). The Company does not charge entry or exit fees when shareholders acquire or dispose of their holdings although transaction costs will be borne by shareholders when buying or selling through a stockbroker.

Transparency

We take an active approach to keeping shareholders informed about the Company's activities and performance, including yearly and half-yearly results announcements, regular shareholder briefings and access to all company announcements, including net tangible asset announcements, through the Australian Securities Exchange and the Company's website www.djerri.com.au

REVIEW OF OPERATIONS AND ACTIVITIES

Profit Performance

Profit for the year to 30 June 2014 was \$42.9 million, up 13.9 per cent from \$37.7 million in the corresponding period last year. The Net Operating Result, which is our preferred measure of the ongoing investment, trading and option income from the Company's portfolios, was up 20.8 per cent to \$42.4 million compared with \$35.1 million for the last year.

Income from option activity and the trading portfolio was \$14.7 million, well ahead of the corresponding figure of \$9.7 million last year. The increase was a result of the rise in the market combined with maintenance of option coverage over the portfolio at the upper end of the target range. Income from investments was up 11.5 per cent, from \$34.5 million to \$38.5 million as a result of the general move to higher dividend payments from companies Djerriwarrh invests in and \$1.6 million of demerger dividends from Amcor and Brambles.

Dividend

Djerriwarrh's final dividend has been maintained at 16 cents per share fully franked bringing total dividends for the year to 26 cents per share fully franked, the same as last year. Seven cents of the final dividend is sourced from capital gains, on which the Company has paid or will pay tax. The amount of the pre tax attributable gain, known as an 'LIC capital gain', is therefore 10 cents. This enables some shareholders to claim a tax deduction in their tax return. Further details are provided on the dividend statement. The Dividend Reinvestment Plan remains suspended.

Sources of Dividends and Franking

One of the objectives of the Company is to generate sufficient franking credits from its activities to support the enhanced level of fully franked dividend for shareholders.

Figure 1 shows the main sources of the Company's annual dividends since 2001. As expected, the predominant source is the net operating result, which consists of the dividends received from holdings in the investment portfolio and income received from option activities and the trading portfolio, after tax. However, as Figure 1 highlights Djerriwarrh also uses other sources, mainly taxed realised gains, to supplement the operating result in making up the dividend.

Figure 1: Sources of franking for dividends since 2001

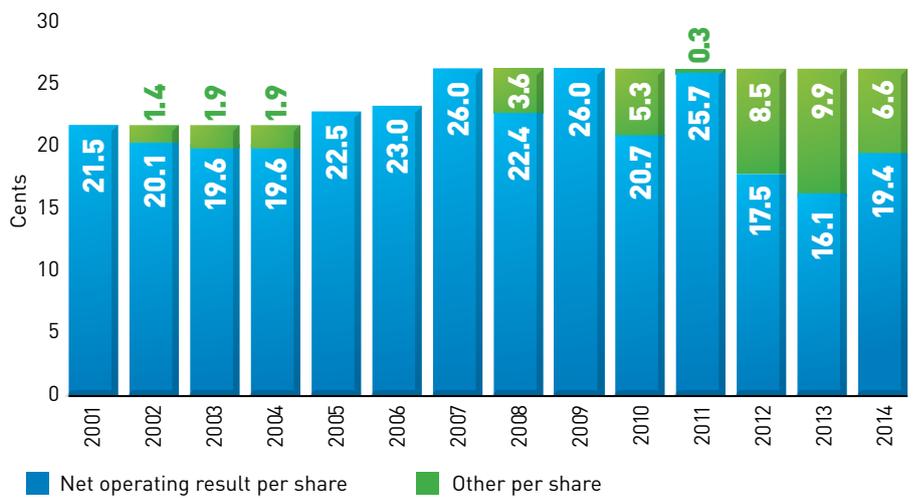


Figure 2: Djerriwarrh yield vs market yield



The interplay of these components can be quite complex and are constantly managed through the investment process. Whilst the sale of some stock this year through the exercise of call options into a rising market meant some dividends were forgone, the realised gains from these sales are also an important part of generating income and franking for distribution as franked dividends. This financial year \$9.3 million of after tax realised gains were generated whereas this figure last year was \$9.0 million.

The balance of the franking account after providing for the payment of the final dividend would allow for the payment

of a further \$67.9 million of fully franked dividends. This financial year the total of fully franked dividends paid was \$56.8 million.

Yield

Figure 2 above highlights the relative dividend yield on Djerriwarrh shares (which is fully franked) in comparison to the dividend yield on the S&P/ASX 200 Index (which is only 80 per cent franked) since the Company was listed. It should be noted these yields do not take into account the franking benefits available to investors.

REVIEW OF OPERATIONS AND ACTIVITIES continued

The continuation of low interest rates has meant the focus on dividend yield by investors has remained. This has also been a major factor in the share price trading at a substantial premium to the net asset backing. At 30 June 2014 the premium was 25 per cent. Not surprisingly, this high premium has been the case since the time of the global financial crisis when income has become a very important consideration for investors. Figure 3 highlights this trend.

Portfolio

Djerriwarrh's portfolio return for the 12 months to 30 June 2014 was 15.6 per cent whereas the S&P/ASX 200 Accumulation Index rose 17.4 per cent.

In a strong market environment, such an outcome reflects the investment approach of writing call options over 30 to 40 per cent of the portfolio and also the tax paid on realised gains when some of those options were exercised. However, the generation of franking credits from this activity can add significantly to investor returns for those who can take advantage of these franking credits (refer to Figure 4).

Assuming an investor can take full advantage of the franking credits, dividend imputation has added 0.9 per cent per annum to investor returns above the overall market over a 10 year period as illustrated in Figure 4.

Another outcome of the rising market has been the reduction in volatility which is now at very low levels. In this environment where option premium received is down partly because of reduced volatility and valuation levels looked reasonable, if not slightly stretched, call option coverage of the portfolio was kept at the upper end of the desired range. Following the end of the option expiry period in late June coverage fell as some options were exercised or expired. At the end of the year this figure was 33 per cent, although this has increased to 38 per cent by the time of this report.

Figure 3: Share price premium/discount to net asset backing

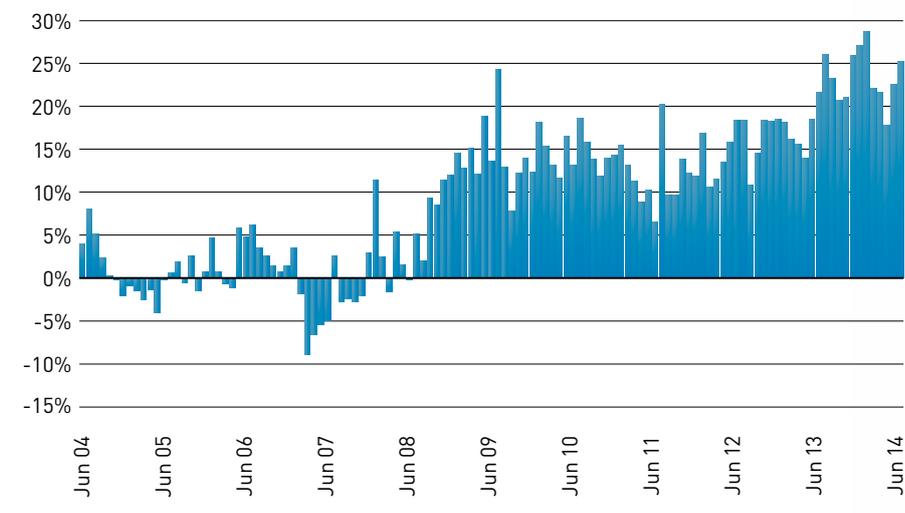
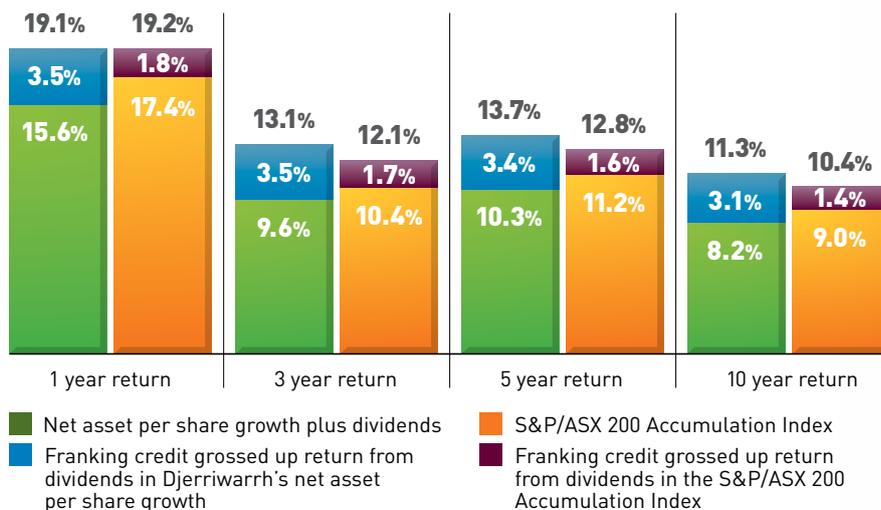


Figure 4: Portfolio performance to 30 June 2014



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

Figure 5: S&P/ASX 200 Index vs market volatility

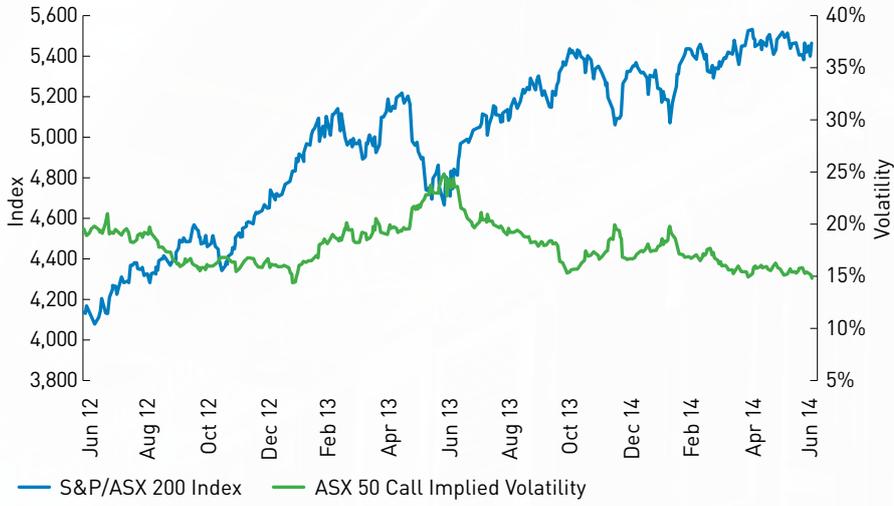
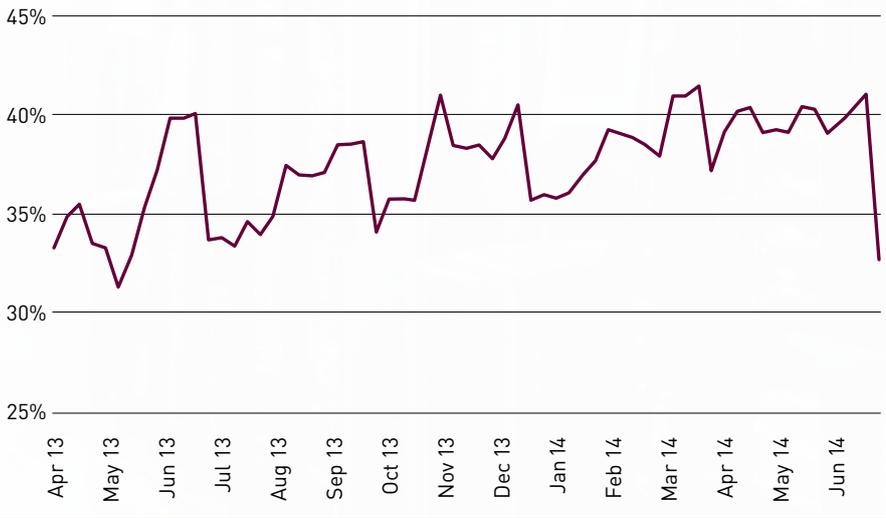


Figure 6: Option coverage of the portfolio





REVIEW OF OPERATIONS AND ACTIVITIES continued

The call options exercised during the period covered a range of holdings, particularly higher yielding stocks including the major banks. A number of purchases were made over the year to replenish these bank holdings. Other major additions included Wesfarmers and Woolworths, as well as a number of new stocks to the portfolio including CSL, Twenty-First Century Fox, Qube Holdings, Aurizon Holdings, James Hardie and Japara Healthcare (through the IPO). Whilst some of these new holdings pay a lower fully franked dividend than some other companies in the portfolio, Djerriwarrh also looks for the opportunity to add holdings that can contribute to capital growth in the portfolio as well as having the potential to deliver growing dividends over the long term.

Of the new holdings which are smaller companies:

- **Japara Healthcare** is one of Australia's largest enterprises in the aged care and retirement industry. It owns and operates 35 aged care facilities and four retirement complexes throughout Victoria, South Australia, New South Wales and Tasmania.
- **Qube Holdings** is an integrated provider of import and export logistics services with national operations that provide a broad range of services. Qube operates in three divisions covering Automotive, Bulk and General Stevedoring, Landside Logistics and Strategic Development Assets. These businesses provide a broad range of logistics services nationally, focused on the movement of imported and exported products.

Djerriwarrh utilises a modest level of debt to take advantage of returns from the investment opportunities on offer. At present the Company has \$75 million of debt. Djerriwarrh's cash position at 30 June 2014 was \$18.4 million, down from \$91.4 million at 30 June 2013.

Outlook

Notwithstanding the patchy economic environment in Australia, company earnings have been generally reasonable delivering improved dividends. This trend along with the low interest rate environment contributed to the market moving strongly higher over the year. Furthermore as mentioned, volatility has also declined to very low levels. These factors are important in the pricing Djerriwarrh receives for writing call options.

Our assessment is that economic conditions will continue to be patchy with interest rate settings unlikely to change materially in the near term. Whilst this will not be the only factor influencing equity market sentiment it is expected the Company will continue to keep option coverage at the upper end of its desired range until there is some downward correction in the market or greater value is on offer.

Directorship Matters

In addition to the changes in the Board outlined in the half-year review to shareholders, Kathryn Fagg was appointed to the Board on 29 May 2014.

Kathryn's executive and professional roles have been broad and diverse. She started her career as a petroleum engineer. She became a management consultant and then held a number of Senior Executive positions in the banking, steel and logistics industries across Australia, New Zealand and Asia.

Kathryn is currently a Board member of the Reserve Bank of Australia, and a Non-Executive Director of Incitec Pivot Limited. She is Chair of the Melbourne Recital Centre and a Board member of the Breast Cancer Network of Australia and was previously Chair of Parks Victoria. She also has a number of other significant community interests.

We are delighted to welcome someone of Kathryn's skill and experience to the Board of Djerriwarrh Investments Limited and look forward to the contribution she will make to our deliberations and governance.

Peter Barnett will retire as a Director at the 2014 AGM. Peter has been a Director of the Company since October 2007 and we thank him for his substantial contribution.

Capital Changes

There were no capital changes during the year. The Company's Dividend Reinvestment Plan remains suspended.

Dividends

A final fully franked dividend of 16 cents per share has been declared. This is in line with last year's final dividend.

The dividends paid during the year ended 30 June 2014 were as follows:

	\$'000
Final dividend for the year ended 30 June 2013 of 16 cents per share fully franked at 30 per cent, paid on 23 August 2013	<u>34,974</u>
Interim dividend for the year ended 30 June 2014 of 10 cents per share fully franked at 30 per cent, paid 18 February 2014	<u>21,859</u>
Total	<u>56,833</u>

Listed Investment Company Capital Gains

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

Tax legislation sets out the definition of a 'Listed Investment Company' which Djerriwarh satisfies. Furthermore, from time to time the Company sells securities out of the investment portfolio held for more than one year which may result in capital gains being made and tax being paid. The Company is therefore on occasion in a position to be able to make available to shareholders a LIC capital gain attributable part with our dividends. In respect of this year's final dividend of 16 cents per share for the year ended 30 June 2014, it carries with it a 10 cents per share LIC capital gain attributable part (2013: 14.3 cents). The amount which shareholders may be able to claim as a tax deduction depends on their individual situation. Further details are provided in the dividend statement.

Financial Condition

The Company's financing consists primarily of shareholders' funds. The Company also has agreements with the Commonwealth Bank of Australia and Westpac Bank, for cash advance facilities of \$150 million (see Note 6). As at 30 June 2014, \$75 million had been drawn down on existing facilities (2013: \$75 million). The Company's total borrowings of \$75 million at balance date represented 9.4 per cent of net assets.

Likely Developments

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

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

Significant Changes in the State of Affairs

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

Events Since Balance Date

The Directors are not aware of any other matter or circumstance not otherwise disclosed in the Financial Report or the Directors' Report which has arisen since the end of the financial year that has affected or may affect the operations, or the results of those operations, or the state of affairs of the Company in subsequent financial years.

Environmental Regulations

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

Rounding of Amounts

The Company is of the kind referred to in Class Order 98/100 (as amended) issued by the Australian Securities and Investment Commission relating to the 'rounding off' of amounts in the Directors' Report. Unless specifically stated otherwise, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

TOP 20 INVESTMENTS

As at 30 June 2014

Valued at closing prices at 30 June 2014

	Total Value \$ Million	% of Portfolio
1 BHP Billiton*	89.4	10.3
2 Westpac Banking Corporation*	65.4	7.5
3 Telstra Corporation*	56.3	6.5
4 Commonwealth Bank of Australia*	55.0	6.3
5 Australia & New Zealand Banking Group*	51.7	5.9
6 National Australia Bank*	51.7	5.9
7 Oil Search*	40.7	4.7
8 Woodside Petroleum*	33.8	3.9
9 Wesfarmers*	29.7	3.4
10 Rio Tinto*	26.5	3.0
11 Santos*	22.8	2.6
12 AMP*	22.1	2.5
13 Woolworths*	21.6	2.5
14 Brambles*	18.8	2.2
15 Origin Energy*	18.0	2.1
16 Transurban Group*	17.4	2.0
17 Suncorp*	15.8	1.8
18 AGL Energy*	14.5	1.7
19 QBE Insurance Group*	14.2	1.6
20 Mirrabooka Investments	12.4	1.4
Total	677.7	
As a percentage of total portfolio value (excludes cash)		77.8%

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

BOARD AND MANAGEMENT

Directors

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

Mr Paterson is a Company Director who was appointed to the Board in July 2002, appointed Deputy Chairman in September 2009 and appointed Chairman on 7 October 2013. He is also a Director of Australian Foundation Investment Company Limited (AFIC). He was formerly a Director of Goldman Sachs JBWere and is a former member of the Board of Guardians of Australia's Future Fund.

Ross E Barker BSc (Hons), MBA (Melb), F Fin. Managing Director and Member of the Investment Committee. Managing Director of the Company's associated entity, AICS.

Mr Barker has been a Director of the Company since May 1998 and was appointed Managing Director in February 2001. He is also Managing Director of AFIC, AMCIL Limited and Mirrabooka Investments Limited. He is also a Director of Melbourne Business School Ltd and a member of the Financial Reporting Council.

Peter C Barnett FCPA. Independent Non-Executive Director

Mr Barnett is a Company Director who was appointed to the Board in October 2007. He is a Director of AMCIL Limited. He is a former Director of Mayne Group Limited and Santos Limited and a former member of the advisory council of ABN AMRO Australasia Limited.

Kathryn J Fagg B.E. (Hons), M.Com (Hons), FTSE. Independent Non-Executive Director

Ms Fagg was appointed to the Board on 29 May 2014. She is a Board member of Reserve Bank of Australia, and a Non-Executive Director of Incitec Pivot Limited. She is Chair of the Melbourne Recital Centre and a Board member of the Breast Cancer Network of Australia and was previously Chair of Parks Victoria. She also has a number of other significant community interests including as a member of the Business Advisory Council for World Vision

Graham B Goldsmith B Bus (ACCTG), CPA, FAICD, F Fin. Independent Non-Executive Director. Member of the Investment Committee.

Mr Goldsmith was appointed to the Board on 11 April 2013. He is a Non-Executive Director of SEEK Limited and of Zhaopin Limited, Deputy Chancellor and a Council Member of Swinburne University of Technology and is also President of Bialik College. Mr Goldsmith is a former Vice Chairman and a former Managing Director of Goldman Sachs Australia, and its predecessor firm Goldman Sachs JBWere.

Andrew F Guy LLB, MBA. Independent Non-Executive Director. Chairman of the Audit Committee. Member of the Investment Committee and the Nomination Committee. He is also a Director of the Company's associated entity, AICS.

Mr Guy is a Company Director who was appointed to the Board in December 1989. He is a Director of an ANZ responsible entity and trustee, ANZ Specialist Asset Management Limited and Chairman of Victoria Legal Aid.

Graham J Kraehe AO B Econ (Adel). Independent Non-Executive Director. Chairman of the Nomination Committee. Member of the Audit Committee.

Mr Kraehe is a Company Director who was appointed to the Board in July 2002. He is Chairman of BlueScope Steel Limited and Brambles Limited. He is a former Chairman of National Australia Bank Limited and a former Director of News Corporation Limited and the Reserve Bank of Australia. He is also a former Managing Director and Chief Executive Officer of Southcorp Limited.

Bruce B Teele BSc, BCom (Melb). Non-Executive Director. Member of the Investment and Nomination Committees.

Mr Teele was Chairman of the Company since commencement of operations in 1989 until 7 October 2013. He is also Chairman of AMCIL Limited. He was formerly the Executive Chairman of the JBWere Group and Chairman of AFIC.

Alice JM Williams B.Com, FCPA, FAICD, CFA, ASFA AIF. Independent Non-Executive Director. Member of the Investment and Audit Committees.

Ms Williams was appointed to the Board in May 2010. Ms Williams is a Director of Equity Trustees Limited, Cooper Energy Limited, Victorian Funds Management Corporation, Guild Group, Port of Melbourne Corporation and Defence Health and is a council member of Cancer Council Victoria. She was formerly a Director of Airservices Australia, State Trustees Limited, Western Health, the Australian Accounting Standards Board, Telstra Sale Company and V/Line Passenger Corporation. She previously held senior management positions in the financial services sector including NM Rothschild and Sons (Australia) Limited and JP Morgan Australia.

Senior Executives

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

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

R Mark Freeman BE, MBA, Grad Dip App Fin (Sec Inst), AMP (INSEAD). Chief Investment Officer.

Mr Freeman has been Chief Investment Officer since joining the Company in February 2007. Prior to this he was a Partner with Goldman Sachs JBWere where he spent 12 years advising the investment companies on their investment and dealing activities. He has a deep knowledge and experience of investments markets and the Company's approaches, policies and processes.

Simon M Pordage LLB (Hons), FGIA, FCIS, MAICD. Company Secretary.

Mr Pordage joined the Company in February 2009. He is a Chartered Secretary and has over 16 years' company secretarial experience and was previously Deputy Company Secretary for Australia & New Zealand Banking Group Limited and prior to that was Head of Board Support for Barclays PLC in the United Kingdom. He is a Vice President and Non-Executive Director of Governance Institute of Australia, Chairman of their National Legislation Review Committee and Deputy Chairman of their Victorian Council.

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

Mr Porter joined the Company in January 2005. He is a Chartered Accountant and has had over 20 years' experience in accounting and financial management both in the United Kingdom with Andersen Consulting and Credit Suisse First Boston and in Australia where he was Regional Chief Operating Officer for the Corporate and Investment Banking Division of CSFB. He is also a Non-Executive Director of the Royal Victorian Eye & Ear Hospital.

BOARD AND MANAGEMENT continued

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2014 and the numbers of meetings attended by each Director were:

	Board		Investment Committee		Audit Committee		Nomination Committee [†]	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
J Paterson	14	14	32	32	2	2	0	0
RE Barker	14	13	32	27	-	3 [#]	-	-
PC Barnett	14	12	-	28 [#]	-	3	-	-
TA Campbell**	4	3	10	4	-	-	-	-
KJ Fagg*	1	0	-	2 [#]	-	-	-	-
GB Goldsmith	14	14	32	30	-	-	-	-
AF Guy	14	12	32	26	3	3	0	0
GJ Kraehe	14	13	-	21 [#]	3	3	0	0
BB Teele	14	14	32	32	-	-	0	0
AJM Williams	14	14	32	28	3	3	-	-

Attended meetings as non-members.

* KJ Fagg became a Director of the Company on 29 May 2014.

** TA Campbell retired as a Director on 7 October 2013.

† While no formal Nomination Committee meeting was held during the financial year, Committee members met with the Board on a number of occasions to discuss, and make a recommendation on, Board succession.

Retirement, Election and Continuation in Office of Directors

Ms KJ Fagg, having been appointed to the Board in May 2014, will retire and being eligible, will offer herself for election at the forthcoming 2014 Annual General Meeting (AGM). Messrs GJ Kraehe and J Paterson, having been last re-elected by shareholders at the 2011 AGM, will retire and being eligible, will offer themselves for re-election at the forthcoming 2014 AGM.

Mr PC Barnett will retire at the forthcoming 2014 AGM.

Insurance of Directors and Officers

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

REMUNERATION REPORT

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

The constitution of Djerriwarrh requires approval by the shareholders in general meeting of a maximum amount of remuneration per year to be allocated between and paid to Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate directors. The amount of remuneration for each Director excludes amounts owing when the Directors' retirement allowances were frozen at 30 June 2004. At the Company's 2010 Annual General Meeting, the maximum aggregate amount approved by shareholders for Non-Executive Director remuneration was \$800,000.

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

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

RE Barker is made available as Managing Director of Djerriwarrh by Australian Investment Company Services (AICS). No Director's fees are paid to Mr Barker as they have been included in the amounts charged by AICS. Also as part of these remuneration arrangements with AICS, Mr Barker receives an 'at risk' component which is based on performance, as do other Executives and the Investment Team. The performance criteria includes quantitative and qualitative assessments which include, amongst other things, the services that they have provided to Djerriwarrh and for which AICS is paid.

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

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

REMUNERATION REPORT continued

(b) Remuneration of Directors

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2014 were as follows:

	Primary Fee \$	Post Employment Superannuation \$	Total Remuneration \$
J Paterson – Chairman (Non-Executive) (appointed Chairman 7 October 2013)			
2014	131,319	12,147	143,466
2013	73,394	6,606	80,000
RE Barker – Managing Director (Executive)			
2014	-	-	-
2013	-	-	-
PC Barnett – Director (Non-Executive)			
2014	62,116	20,384	82,500
2013	59,541	20,459	80,000
TA Campbell – Director (Non-Executive) (retired 7 October 2013)			
2014	19,711	1,823	21,534
2013	80,000	-	80,000
KJ Fagg – Director (Non-Executive) (appointed 29 May 2014)			
2014	6,703	620	7,323
2013	-	-	-
GB Goldsmith – Director (Non-Executive) (appointed 11 April 2013)			
2014	75,515	6,985	82,500
2013	16,310	1,468	17,778
AF Guy – Director (Non-Executive)			
2014	75,515	6,985	82,500
2013	73,394	6,606	80,000
GJ Kraehe – Director (Non-Executive)			
2014	75,515	6,985	82,500
2013	73,394	6,606	80,000
BB Teele – Director (Non-Executive) (retired as Chairman 7 October 2013)			
2014	95,226	8,808	104,034
2013	150,000	10,000	160,000
AJM Williams – Director (Non-Executive)			
2014	75,515	6,985	82,500
2013	73,394	6,606	80,000
Total Remuneration: Directors			
2014	617,135	71,722	688,857
2013	599,427	58,351	657,778

(c) Directors' Retirement Allowances

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

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

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

During the year ended 30 June 2014, \$114,500 was paid to Mr Campbell as a retirement allowance, such amounts having been accrued as at 30 June 2004, in accordance with the above.

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

	Amount Payable on Retirement \$
BB Teele	229,000
RE Barker	114,500
AF Guy	114,500
GJ Kraehe	44,468
J Paterson	44,468
PC Barnett	0
KJ Fagg	0
GB Goldsmith	0
AJM Williams	0
	546,936

Holdings of Securities Issued by the Company

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

	1 July 2013	Net Changes During the Year	30 June 2014
J Paterson	244,310	-	244,310
RE Barker	371,495	4,500	375,995
PC Barnett	40,000	-	40,000
TA Campbell	486,582	-	n/a
KJ Fagg (appointed 29 May 2014)	n/a	-	0
GB Goldsmith	20,000	-	20,000
AF Guy	220,450	-	220,450
GJ Kraehe	38,523	-	38,523
BB Teele	1,855,800	-	1,855,800
AJM Williams	8,904	-	8,904
GN Driver	21,635	1,628	23,263
RM Freeman	41,065	-	41,065
SM Pordage	1,168	1,140	2,308
AJB Porter	2,017	2,076	4,093

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

(d) Executives

Executives are officers who are involved in, concerned with, or who take part in, the management of the affairs of the Company.

The Company has five Executives, RE Barker, Managing Director, GN Driver, General Manager – Business Development and Investor Relations, RM Freeman, Chief investment Officer, AJB Porter, Chief Financial Officer, and SM Pordage, Company Secretary (2013: five Executives).

No remuneration is paid to the Executives directly by Djerriwarrh as their services are provided pursuant to an arrangement with AICS as outlined in the Notes to the Financial Statements.

NON-AUDIT SERVICES

Details of non-audit services performed by the auditors may be found in Note 25 of the Financial Report.

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

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

A copy of the Auditors Independence Declaration is set out on page 17.

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



John Paterson
Chairman

Melbourne
17 July 2014

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of Djerriwarrh Investments Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Charles Christie'.

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
17 July 2014

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

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CORPORATE GOVERNANCE STATEMENT

The Board of Djerriwarrh is committed to the highest standards of ethical behaviour and to having an effective system of corporate governance commensurate with the size of the Company and the scope of its business operations.

In accordance with ASX Listing Rule 4.10.3, set out below are the applicable ASX Corporate Governance Council's eight principles of corporate governance (ASX Governance Principles) and outlined accordingly is how the Board has applied each principle and the recommendations set out within them. A copy of the ASX Governance Principles can be found on ASX's website, www.asx.com.au

The Company is fully supportive of the 'if not, why not' disclosure-based approach to governance adopted by the ASX Governance Principles and the recognition within them that there is no single model of corporate governance and that good corporate governance practice is not restricted to adopting the recommendations contained in the ASX Governance Principles.

There are a small number of recommendations in the ASX Governance Principles that the Board, following careful consideration, has not adopted. Full details of these, together with an explanation of why an alternate and more appropriate approach has been taken by the Board, are set out in the following statement.

Principle 1: Laying Solid Foundations for Management and Oversight

This Principle requires the Company to establish and disclose the respective roles and responsibilities of both the Board and management.

Role of the Board

The Company's Corporate Objective, as determined by the Board, is to invest in Australian equities with a focus on stocks where there is an active options market. The Company uses principally exchange traded options to enhance income return to investors.

Djerriwarrh aims to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested:

- to provide attractive total returns over the medium to long term; and
- to pay an enhanced level of dividends.

The role of the Board underpins and supports the Corporate Objective of the Company. The Board generally sets objectives and goals for the operation of the Company, oversees the Company's management, regularly reviews the Company's performance and monitors its affairs in the best interests of the Company. For these responsibilities, the Board is accountable to its shareholders as owners of the Company.

The Board operates under a Board charter, available on the Company's website, which documents the role of the Board outlined above and the matters that the Board has reserved to itself. Those matters include:

- setting the Corporate Objective of the Company and approving business strategies and plans designed to meet that objective;
- approving the expense budget at least annually;
- approving changes to the Company's capital structure and dividend policy;
- appointing and removing the Managing Director and carrying out succession planning for the Managing Director as applicable;
- approving the Company's risk appetite;
- reviewing the composition of the Board and Board Committees, the independence of Directors, the Board's performance and carrying out succession planning for the Chairman and other Non-Executive Directors;
- appointing and removing Senior Executives on the recommendation of the Managing Director; and
- reviewing the performance of management and the Company, including in relation to the risk management, internal controls and compliance systems adopted by the Company and the monitoring and review of the performance of Australian Investment Company Services Limited (AICS) in relation to the services that AICS provides to the Company.

The Directors meet formally as a Board regularly and the Non-Executive Directors meet regularly in the absence of the Managing Director and members of management. During the financial year, the Board also held a strategy conference.

Delegation to Board Committees

The Board has established the following principal Board Committees to assist the Board in exercising its authority:

- Investment Committee;
- Audit Committee; and
- Nomination Committee.

Each Board Committee operates under a formal charter that is made publicly available on the Company's website. The number of Board and Board Committee meetings held during the year and attendance by Directors are set out on page 12.

The role and work of the Nomination Committee is outlined under Principle 2 on page 20 and for the Audit Committee is outlined under Principle 4 on page 23 and Principle 7 on page 25.

The general role of the Investment Committee is to review and endorse investment decisions to support the Company's Corporate Objective.

In doing this, the Committee:

- reviews and endorses investment decisions to maintain the investment, trading and options portfolios;
- makes decisions in relation to other portfolio-related activities including voting instructions and lodgement of voting instructions in respect of general meetings of companies in which the Company has invested;
- receives reports from management on portfolio matters, including portfolio performance, transaction reports, portfolio position reports and performance attribution analysis; and
- receives reports and recommendations in relation to the review and analysis of companies/securities in which the Company is able to invest, or has invested.

The Investment Committee's membership comprises J Paterson (Chairman), RE Barker, GB Goldsmith, AF Guy, J Paterson, BB Teele and AJM Williams. The other Directors, PC Barnett, KJ Fagg and GJ Kraehe, regularly attend Committee meetings when available.

Further details of the role of the Committee in respect to the oversight of investment risk can be found under Principle 7 on page 25.

Delegation to Management

The Company has no employees and has entered into an agreement with AICS, in which it has a 25 per cent ownership interest, to provide a comprehensive range of management and investment services under the leadership of the Managing Director, including the day-to-day maintenance of the portfolios and associated research. The Managing Director is responsible to the Company for the performance of those services and the Board acts in close consultation and cooperation with AICS in relation to the provision of services by AICS to the Company. AICS is paid a fee based on its costs in providing these services.

The Board believes that the Company is fully compliant with Principle 1. As set out above, the Board continuously reviews the performance of AICS, under the leadership of the Managing Director, in providing services to the Company. Separate evaluations of the performance of individual Senior Executives are carried out by AICS. As set out in Principle 8 on page 26, performance of the provision of services to the Company is one of the measures used in determining the Managing Director's and other Senior Executives' annual incentive.

Principle 2: Structuring the Board to Add Value

This Principle requires the Company to have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

The Board comprises a Non-Executive Chairman (J Paterson), Managing Director (RE Barker), and seven other Non-Executive Directors (PC Barnett, KJ Fagg, GB Goldsmith, AF Guy, GJ Kraehe, BB Teele and AJM Williams).

The roles of the Chairman and Managing Director are separate. The role of the Managing Director is set out under Principle 1.

The role of the Chairman is set out in the Board charter, including being responsible for:

- the business of the Board, taking into account the issues and the concerns of all Directors and the requirements of the Board charter;
- the leadership and conduct of Board and Company meetings to be in accordance with the agreed agenda, the Company's Corporate Objective and Principles of Conduct (described under Principle 3, on page 21); and
- encouraging active engagement by Directors and an open and constructive relationship between the Board and the Managing Director and Senior Executives.

The Chairman also has the authority to act and speak for the Board between meetings, subject to any agreed consultation processes.

See the Directors' Report on pages 10 and 11 for details of the skills, experience, and expertise of each Director.

Appointment and Renewal

Details of the term of office held by each Director in office as at the date of this report are as follows:

J Paterson	– 12 years
RE Barker	– 26 years
KJ Fagg	– appointed 29 May 2014
AF Guy	– 24 years
GB Goldsmith	– 1 year
GJ Kraehe	– 12 years
PC Barnett	– 6 years
BB Teele	– 24 years
AJM Williams	– 4 years

Being a long term investor is an essential part of the Company's Corporate Objective and continuity on the Board and broad investment and business experience are regarded as important factors in the Board's approach.

All Directors have entered into an agreement with the Company on their appointment with respect to issues such as access to documents, Director's indemnity against liability, and Directors' and Officers' insurance.

The Company's constitution provides that each Non-Executive Director must seek re-election by shareholders at least every three years if they wish to remain a Director. Any new Non-Executive Director appointed by the Board must seek election by shareholders at the next Annual General Meeting of the Company. This approach is consistent with the ASX Listing Rules.

Each Director of the Company is encouraged to have a financial interest in the Company (for details of Directors' holdings, please refer to page 15).

To assist Directors to fully meet their responsibilities to bring an independent view to matters coming before them, the Board has agreed a procedure in appropriate situations for Directors to take independent professional advice, at the expense of the Company, after advising the Chairman of their intention to do so.

Nomination Committee

The Board has a Nomination Committee which comprises four Non-Executive Directors, with GJ Kraehe as the Chairman and the members being AF Guy, J Paterson and BB Teele.

The Committee considers matters relating to the orderly renewal of the Board and the attraction and retention of Directors of high calibre with the appropriate experience, skill and diversity to contribute effectively to the oversight of the Company, making recommendations on these matters to the Board as appropriate.

On recommendation from the Nomination Committee, the Board has determined that to fulfil the Company's Corporate Objective, its own membership is best served by being comprised of a mix of individuals with deep expertise and a breadth of experience in the following areas:

- the investment industry;
- leading and managing successful corporations; and
- advising successful corporations (including legal and accounting advice).

This forms part of the Company's Diversity policy which is further discussed under Principle 3 on page 22.

In order to provide a specific opportunity for performance matters to be discussed with each Director, the Board, on recommendation from the Nomination Committee, has established a formal Director review process. The Chairman meets with each Director individually to discuss issues including performance and effectiveness of the Board as a whole, Board Committees, individual Directors, the Managing Director, Senior Executives and the Chairman with the intention of providing mutual feedback. The Chairman reports on the general outcome of these meetings to the Nomination Committee and any necessary action items to the Board generally in private session.

Given the nature of the Company's activities, it is considered that this process of evaluation of the Board, Board Committees, individual Directors and the Chairman is sufficiently formal. Evaluations under this process were carried out during the financial year.

Independence of Directors

The Nomination Committee also reviews the independence of each of the Non-Executive Directors (excluding the Managing Director) on an annual basis, taking into account the factors set out in box 2.1 of the ASX Governance Principles, including situations where an individual Director may be a partner in, controlling shareholder of, or Executive of an entity which has a material commercial relationship with the Company, and makes recommendations to the Board in this respect. In looking at such relationships, the Board looks at all the circumstances but sets an initial monetary threshold for materiality and this is reviewed annually by the Board, on the recommendation of the Nomination Committee. The Board has resolved that the appropriate initial monetary threshold is \$1,000,000 per annum.

BB Teele, the former Chairman of the Company, has had a continuing close involvement in the management of the portfolio over the life of the Company. Accordingly, he is not considered an independent Director.

The other seven Non-Executive Directors, J Paterson (Chairman), PC Barnett, KJ Fagg, GB Goldsmith, AF Guy, GJ Kraeche and AJM Williams, have been assessed as being independent.

A number of Directors are also Directors of companies in which Djerriwarrh invests. Any real or potential conflicts of interest are dealt with by procedures consistent with Corporations Act requirements which are designed to ensure that conflicted Directors do not take part in the decision-making on a relevant issue. On this basis, it is believed that their independence on all other issues is not compromised.

The Board believes that the Company is fully compliant with Principle 2.

Principle 3: Promotion of Ethical and Responsible Decision-making

This Principle requires that the Company should actively promote ethical and responsible decision-making.

The Company maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and, where appropriate, to protect its shareholders' interests.

Corporate Principles of Conduct

The Company has adopted Corporate Principles of Conduct which outline ethical standards to be followed by Directors and Senior Executives of the Company when carrying out their responsibilities with a view to the Company achieving its aims, which are available on the Company's website.

Under the Principles, Directors and Senior Executives will:

- conduct business in good faith in the best interests of the Company with efficiency, honesty and fairness;
- perform their duties with the utmost integrity and the standard of care and diligence expected of an organisation of the highest calibre;
- treat others with dignity and respect; and
- not engage in conduct likely to have an adverse effect on the reputation of the Company.

The Corporate Principles of Conduct also set out details of how conflicts of interest should be avoided. The Company's Directors and employees must disclose to the Company any material personal interest that they or any associate may have in a matter that relates to the affairs of the Company.

Where a conflict of interest may arise, full disclosure by all interested persons must be made and appropriate arrangements followed, such that interested persons are not included in making the relevant decisions and discussions. AICS has its own comprehensive Principles of Conduct in place that cover the behaviours and actions of its employees.

Compliance with those Principles is a condition of the appointment of each Senior Executive with the Company and a condition of their employment with AICS.

Whistleblower Protection Policy

The Company has in place a Whistleblower Protection Policy, which establishes a formal framework within which individuals are able, in a secure way, to express their genuine concerns about unlawful behaviour or breaches of policy, free from the threat of victimisation or reprisal and on the understanding that their concerns will be investigated and that, where appropriate, action will be taken to redress the situation. AICS has adopted the same policy and all AICS staff are regularly reminded about the contents of the policy.

Securities Dealing Policy

The Board has in place a Securities Dealing Policy applicable to personal trading in the Company's securities by Directors and Senior Executives, which is available on the Company's website. Under the policy, Directors and Senior Executives are prohibited from dealing in the Company's securities from 15th December and 15th June up to and including the calendar day after the Company's announcement of its half and full year financial results as appropriate; and the opening of business on the last business day of each month up to and including the calendar day after the monthly net tangible asset per share announcement.

The policy requires Directors and Senior Executives to provide notification in advance of any intention to deal in the Company's shares and to notify the Company Secretary following the trade so that any relevant notification can be made to the market.

Under the policy, Directors and Senior Executives are prohibited from using the Company's securities as security for margin lending arrangements or other loans and must also use their best endeavours to ensure they are not put in a position of conflict with the policy by virtue of having margin or other loans over other securities.

Compliance with the policy is a condition of the appointment of each Senior Executive with the Company and a condition of their employment with AICS.

Diversity Policy

The Board views diversity as including, but not being limited to, skills, qualifications, experience, gender, race, age, disability, ethnicity and cultural background.

The Board has a Board Diversity policy in place under the oversight of the Nomination Committee that is available on the Company's website. The Company has a number of defining characteristics that have an important influence on how the Board deals with Board and organisational diversity:

- As the Company is a long term shareholder, it is beneficial to have Directors who serve for a long period of time, experiencing different economic and business cycles.
- As management, financial, business development/marketing and securities/stock market services are provided to the Company by AICS, the Company has no employees.
- Senior Executives of the Company are the Senior Executives of AICS. AICS is responsible for, and best placed to determine, its own employment practices. However, the Company has in place processes to monitor the performance of AICS.

As such, the policy is limited to Board diversity. The Board recognises that having a diverse Board will assist it in effectively carrying out its role in meeting the Company's Corporate Objective. The Board's consideration of its own composition is set out under Principle 2, on page 20.

All appointments to the Board will be based on merit, and will include consideration of the Board's diversity needs, including gender diversity. Under the policy, the principal measurable gender diversity objective is to embed gender diversity as an active consideration in all succession planning for Board positions. During the financial year, gender diversity was a key consideration in board succession discussions. During the year, Ms K Fagg was appointed to the Board.

The Board has nine Directors, including two female Directors. In addition to the Managing Director, the Company also has four other Senior Executives, provided by AICS, each of whom is male.

The Board believes that the Company is fully compliant with Principle 3 and its recommendations.

Principle 4: Safeguarding Integrity in Financial Reporting

This Principle requires that the Company has a structure to independently verify and safeguard the integrity of the Company's financial reporting.

The Company has established an Audit Committee comprising three Directors, all of whom are independent: AF Guy (Chairman), GJ Kraehe and AJM Williams. The number of meetings held during the year and attendance by committee members is set out on page 12. All members of the Audit Committee have the requisite financial experience and understanding to effectively discharge its mandate.

The Audit Committee is responsible for reviewing:

- the Company's accounting policies;
- the content of financial statements;
- issues relating to the controls applied to the Company's activities;
- the conduct, effectiveness and independence of the external audit;
- risk management and related issues; and
- compliance issues.

The role of the Audit Committee in respect to its oversight of risk management issues is set out under Principle 7, on page 24.

Written Affirmations

The Board has received from the Managing Director and the Chief Financial Officer written affirmations concerning the Company's financial statements required by the Corporations Act as set out in the Directors' Declaration on page 51.

External Audit

The Company has a process to ensure the independence and competence of the Company's external auditors including the Audit Committee reviewing any non-audit work to ensure that it does not conflict with audit independence. Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners is set out in the Committee's Charter. Policies relating to rotating external audit engagement partners are set by the external audit firm in accordance with Corporations Act and international best practice requirements. The Company had a new audit engagement partner for the 2013 financial year as a result of compliance with these policies, and who continues his term under those policies.

The Audit Committee meets regularly with the external auditor in the absence of management. The Board believes that the Company is fully compliant with Principle 4 and its recommendations.

Principle 5: Making Timely and Balanced Disclosure

This Principle requires that the Company promotes timely and balanced disclosure of all material matters concerning the Company.

As a listed entity, the Company has an obligation under the ASX Listing Rules and the Corporations Act to maintain an informed market in its securities. Accordingly, the market is kept advised of all information required to be disclosed under the Listing Rules, which it is believed would or may have a material effect on the price or value of the Company's securities.

The Company has a written Continuous Disclosure policy and procedures designed to ensure compliance with ASX Listing Rule and Corporations Act disclosure requirements, to ensure accountability at a senior management level for that compliance and to clarify individual, management and Board responsibilities in the process. The policy is publicly available on the Company's website.

The Board believes that the Company is fully compliant with Principle 5 and its recommendations.

Principle 6: Respecting the Rights of Shareholders

This Principle requires that the Company respects the rights of shareholders and facilitates the effective exercise of those rights.

The Company is owned by its shareholders and the Board's primary responsibility to them is to do its utmost to meet the Company's objectives and so increase the Company's value for all shareholders. The Board's policy is to maintain active communication with shareholders as owners of the Company.

In addition to communicating with shareholders via the Annual Report and the non-statutory Annual and Half-Yearly Reviews, the Company holds an Annual General Meeting of shareholders to fulfil statutory requirements, to provide shareholders with the opportunity to meet with representatives of the Board and management, to learn more about the Company's activities and, particularly, to provide an opportunity to question the Board and management about any aspect of the Company's activities.

In addition to the Annual General Meeting, the Company holds non-statutory Shareholder Information Meetings in the Australian capital cities, some of which follow the full-year results and some of which follow the half-year results. This financial year, shareholder meetings were held in Sydney, Melbourne, Adelaide, Brisbane, Canberra and Perth.

The Company views the holding of these non-statutory meetings as being very important in terms of communicating with its shareholders as it allows shareholders around the country the opportunity to question management and Directors in an informal setting on the Company's activities and approach.

The Company's website contains access to ASX announcements, Annual Reports, Half-Yearly Reports, details of corporate governance practices, presentations to shareholders, and relevant related material for shareholders and investors.

The Board believes that the Company is fully compliant with Principle 6 and its recommendations.

Principle 7: Recognising and Managing Risk

This Principle requires that the Board establishes a sound system of risk oversight and management and internal control.

The Board believes it has established and maintains a sound system of risk oversight, management and internal control. The Risk Management Framework adopted for the Company is available on the Company's website. The Board has approved the overarching risk appetite of the Company and is assisted in its risk management activities by the Audit Committee and coordination of risk management activities is done by the Chief Financial Officer, who reports to the Audit Committee on such matters.

The Risk Management Framework is reviewed by the Audit Committee on an annual basis. The framework has been developed to take into account the principles and guidelines outlined in AS/NZS ISO 31000: 2009 Risk Management – principles and guidelines. This approach involves establishing the context in which it operates, identifying the risks, analysing those risks, evaluating the risks, treating the risks where appropriate and monitoring, reviewing and reporting risks and the overall performance of the framework.

This process is underpinned through regular communication and consultation with key business stakeholders. The framework forms the basis for embedding enterprise risk management within the culture of the organisation. The objectives of it are to:

- enable the Company to meet its obligations and objectives efficiently and reliably;
- increase the likelihood that the Company will be successful in its business operations by mitigating potentially damaging events occurring (e.g. operational risk) and maximising the results of positive events (e.g. financial position, investment strategies, etc.), through the implementation of risk management strategies;
- provide decision-makers with the means to identify risks and to determine whether the controls in place are adequate to mitigate those risks;
- provide a mechanism to assess the levels of risk that can be accepted;
- ensure that the application of risk management practices is understood by the agents, employees, officers and Directors of the Company and a strong risk culture is well entrenched; and
- reduce the consequence and/or likelihood of potentially damaging events by regular reviews of investments and investment strategies or by transferring the impact of potentially damaging events to third parties (e.g. by insurance, and contractual arrangements) for outsourced arrangements, where appropriate.

There are two main areas of risk that have been identified:

- investment risk; and
- operational risk.

Investment Risk

Investment risk includes:

- market risk;
- credit, counter-party and settlement risk;
- liquidity risk; and
- reputational risk (insofar as it relates to the investments that the Company enters into).

The Investment Committee is primarily responsible for dealing with issues arising from investment risk, and has delegated day-to-day management of the portfolios to an experienced investment team provided by AICS. All decisions of the team are reviewed, discussed and where necessary, ratified by the Committee. By its nature, as a listed investment company the Company will always carry investment risk because it invests its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market.

Operational Risk

The Company's management is primarily responsible for recognising and managing operational risk issues such as legal and regulatory risk, systems and process risk, human resource risk, reputational risk (insofar as it relates to the operations of the Company), disaster recovery and occupational health and safety risk. This is in the context that most of Djerriwarrh's administrative functions have been outsourced to AICS using its systems and staff. Accordingly, risk issues associated with these activities are handled in accordance with the policies and procedures adopted by AICS for dealing with them.

The Company has received a report from AICS outlining the control objectives for AICS and the specific policies and procedures established to meet these procedures. These policies include management oversight, segregation of duties, multiple sign-offs and specific authorisation levels.

AICS has stated that these have been in place throughout the period, and have been effective in meeting the control objectives. This statement and verification have been confirmed by AICS's internal auditors, Ernst & Young, under the requirements of Auditing Standard 810.

The Audit Committee has specific oversight of management's role in identifying and responding to risk issues. AF Guy, Chairman of the Audit Committee, and J Paterson, Chairman of the Board, are also both members of the AICS Risk Management, Audit and Remuneration Committee and J Paterson serves as Chairman of AICS.

Written Affirmations

The Board has received from the Managing Director and the Chief Financial Officer written affirmation that, to the best of their knowledge and belief, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects insofar as they relate to financial reporting risks.

The Audit Committee and the Board have also received reports from the Senior Executives as to the effectiveness of the Company's management of its material business risks whilst noting that the Company, as a listed investment company, actively takes on appropriate levels of investment risk as part of its investment activities.

The Board believes that the Company is fully compliant with Principle 7 and its recommendations.

Principle 8: Remunerating Fairly and Responsibly

This Principle requires that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The Board has not established a Remuneration Committee given the size of the Company and the nature of its activities. Other than the Board members, the Company has no formal employees. The Board is able to deal with matters relating to the remuneration of Directors itself and a separate Remuneration Committee is not considered necessary.

Directors' Remuneration

The Constitution of Djerriwarrh requires approval by the shareholders in general meeting of a maximum amount of remuneration to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors together with such factors as the general level of fees paid to Australian corporate directors.

The amount of remuneration for each Director excludes amounts that were owing to them when the Directors' retirement allowances were frozen at 30 June 2004.

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

Management Remuneration Approach

RE Barker is made available as Managing Director of Djerriwarrh by AICS. The costs relating to the provision of Mr Barker as Managing Director of the Company by AICS have been fully covered by the general management fee charged by AICS. This does not affect the total management expense borne by the Company.

As part of their remuneration arrangements with AICS, the Managing Director, Senior Executives and Investment Team receive an 'at risk' component determined by AICS which is based on performance. The performance criteria include quantitative and qualitative assessments which include, among other things, the services that AICS has provided to Djerriwarrh and for which AICS is paid.

Further information on Directors' remuneration is set out in the Remuneration Report on pages 13 to 15.

The Board believes that the Company is fully compliant with Principle 8 but that, for the reasons given above, it is not appropriate for the Company to follow the recommendation that a separate Remuneration Committee be established. In addition, as the Company does not have any equity-based remuneration schemes, there is no need to have a policy around prohibiting the hedging of risk over unvested entitlements.

FINANCIAL REPORT

INCOME STATEMENT

For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Dividends and distributions		38,525	34,541
Revenue from deposits and bank bills		1,110	3,061
Total revenue		39,635	37,602
Net gains on trading portfolio		370	2,518
Income from options written portfolio		14,365	7,147
Income from operating activities		54,370	47,267
Finance costs		(4,956)	(6,612)
Administration expenses		(3,654)	(3,486)
Share of net profit from Associate		114	166
Operating result before income tax expense	4	45,874	37,335
Income tax expense*	5	(3,502)	(2,264)
Net operating result for the year		42,372	35,071
Net gains/(losses) on investments			
Net gains/(losses) on open options positions		663	(566)
Deferred tax (expense)/credit on open options positions*	5	(199)	170
Net gains on puttable instruments and non-equity investments		104	4,279
Tax expense on net gains on puttable instruments and non-equity investments*	5	(31)	(1,284)
		537	2,599
Profit for the year		42,909	37,670
		Cents	Cents
Basic earnings per share	22	19.63	17.25
		2014 \$'000	2013 \$'000
* Total tax expense	5	3,732	3,378

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Year to 30 June 2014			Year to 30 June 2013		
	Revenue \$'000	Capital \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Profit for the Year	42,372	537	42,909	35,071	2,599	37,670
Other comprehensive income (OCI)						
<i>Items that will not be recycled through the Income Statement</i>						
Unrealised gains for the period on securities in the portfolio at 30 June	-	73,409	73,409	-	81,805	81,805
Deferred tax expense on above	-	(22,254)	(22,254)	-	(24,967)	(24,967)
Plus gains for the period on securities realised	-	7,616	7,616	-	30,049	30,049
Tax expense on above	-	(2,309)	(2,309)	-	(9,171)	(9,171)
<i>Items that may be recycled through the Income Statement</i>						
Net movement in fair value of swap contracts ⁴	-	428	428	-	959	959
Total other comprehensive income^{1,3}	-	56,890	56,890	-	78,675	78,675
Total comprehensive income²	42,372	57,427	99,799	35,071	81,274	116,345

1 These are the net capital gains/(losses) not recorded through the Income Statement. Capital includes the unrealised gains or losses on open options positions.

2 This is the company's net return for the year, which includes the net operating result plus the net realised and unrealised gains or losses on the Company's investment portfolio and net gains or losses on open options positions.

3 Total tax movement in other comprehensive income: 2014: \$(24.6) million; 2013: \$(34.1) million.

4 It is currently anticipated that the swaps will be held to maturity and consequently that they will not be recycled through the Income Statement.

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

BALANCE SHEET

As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
Current assets			
Cash	6	18,354	91,386
Receivables	7	24,448	11,191
Trading portfolio	8	-	6,366
Total current assets		42,802	108,943
Non-current assets			
Investment portfolio	9	876,944	766,843
Shares in associate		864	784
Total non-current assets		877,808	767,627
Total assets		920,610	876,570
Current liabilities			
Payables	11	1,675	955
Tax payable		13,683	25,209
Borrowings – bank debt	6	75,000	75,000
Interest rate hedging contracts	12	1,939	2,367
Options written portfolio	13	5,575	8,240
Total current liabilities		97,872	111,771
Non-current liabilities			
Deferred tax liabilities	10	399	335
Deferred tax liabilities – investment portfolio	14	23,196	8,287
Total non-current liabilities		23,595	8,622
Total liabilities		121,467	120,393
Net assets		799,143	756,177
Shareholders' equity			
Share capital	15	634,225	634,225
Revaluation reserve	17	100,901	53,656
Realised capital gains reserve	18	15,658	28,227
Interest rate hedging reserve	12	(1,939)	(2,367)
Retained profits	19	50,298	42,436
Total shareholders' equity		799,143	756,177

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

Year Ended 30 June 2014	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Interest Rate Hedging \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the year		634,225	53,656	28,227	(2,367)	42,436	756,177
Dividends paid	21	-	-	(21,859)	-	(34,974)	(56,833)
Total transactions with shareholders		-	-	(21,859)	-	(34,974)	(56,833)
Profit for the year		-	73	-	-	42,836	42,909
Other comprehensive income (net of tax)							
Net unrealised gains for the period for stocks held at 30 June		-	51,155	-	-	-	51,155
Net gains for the period on securities realised		-	5,307	-	-	-	5,307
Transfer to realisation reserve of cumulative gains on investments realised	18	-	(9,290)	9,290	-	-	-
Net movement in fair value of swap contracts		-	-	-	428	-	428
Other comprehensive income for the year		-	47,172	9,290	428	-	56,890
Total equity at the end of the year		634,225	100,901	15,658	(1,939)	50,298	799,143

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

2013 comparatives

Year Ended 30 June 2013	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		628,797	(17,359)	19,259	(3,326)	63,628	690,999
Dividends paid	21	-	-	-	-	(56,595)	(56,595)
Shares issued – Dividend Reinvestment Plan	15	5,441	-	-	-	-	5,441
Other share capital adjustments	15	(13)	-	-	-	-	(13)
Total transactions with shareholders		5,428	-	-	-	(56,595)	(51,167)
Profit for the year		-	2,995	-	-	34,675	37,670
Other comprehensive income (net of tax)							
Net unrealised gains for the period for stocks held at 30 June		-	56,838	-	-	-	56,838
Net gains for the period on securities realised		-	20,878	-	-	-	20,878
Transfer to realisation reserve of cumulative gains on investments realised	18	-	(8,968)	8,968	-	-	-
Tax charge recognised in prior years on scrip-for-scrip takeovers		-	(728)	-	-	728	-
Net movement in fair value of swap contracts		-	-	-	959	-	959
Other comprehensive income for the year		-	68,020	8,968	959	728	78,675
Total equity at the end of the year		634,225	53,656	28,227	(2,367)	42,436	756,177

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

CASH FLOW STATEMENT

For the year ended 30 June 2014

	Note	2014 \$'000 Inflows/ (Outflows)	2013 \$'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		9,346	20,322
Purchases for trading portfolio		(69)	(692)
Interest received		1,431	2,988
Proceeds from entering into options in options written portfolio		23,025	26,975
Payment to close out options in options written portfolio		(10,652)	(14,333)
Dividends and distributions received		31,949	29,885
		55,030	65,145
Administration expenses		(3,724)	(3,490)
Finance costs paid		(4,540)	(6,531)
Income taxes paid		(791)	(1,588)
Net cash inflow/(outflow) from operating activities	26	45,975	53,536
Cash flows from investing activities			
Sales from investment portfolio		177,430	353,029
Purchases for investment portfolio		(215,560)	(273,182)
Tax paid on capital gains		(24,044)	-
Net cash inflow/(outflow) from investing activities		(62,174)	79,847
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	(25,000)
Share issue transaction costs		-	(13)
Dividends paid		(56,833)	(51,154)
Net cash inflow/(outflow) from financing activities		(56,833)	(76,167)
Net increase/(decrease) in cash held		(73,032)	57,216
Cash at the beginning of the year		91,386	34,170
Cash at the end of the year	6	18,354	91,386

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant 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 as per the Directors Declaration and is presented in the Australian currency. The Company has the power to amend and reissue the financial report.

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

Phrase	AASB Terminology
Market Value	Fair value for actively traded securities
Cash	Cash and cash equivalents
Share Capital	Contributed equity
Hybrids	Equity instruments that are not ordinary securities
Options	Derivatives written over equity instruments that are valued at fair value through profit and loss

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

The Company is a 'for profit' entity.

The Company 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 2014 (the inoperative standards), except for AASB 9 which was adopted on 7 December 2009. The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

(a) Basis of Accounting

The financial statements are prepared using the valuation methods described below for holdings of securities, including options. All other items have been treated in accordance with the historical cost convention.

(b) Associate Accounting Policy

Associates are entities over which the Company has significant influence but not control, generally accompanied by a shareholding of between 20 per cent 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.

(c) Holdings of Securities

(i) Balance Sheet Classification

The Company has three discrete portfolios of securities: the investment portfolio, the options written portfolio and the trading portfolio. The purchase and the sale of securities are accounted for at the date of trade.

The investment portfolio relates to holdings of securities which the Directors intend to retain on a long term basis.

The options written portfolio contains predominantly exchange traded options contracts that are entered into as described in Note 13.

The trading portfolio comprises securities held for short term trading purposes.

Securities within the investment portfolio (with the exception of puttable instruments and convertible notes that are classified as debt) are classified as 'financial assets measured at fair value through other comprehensive income', and are designated as such upon initial recognition, whereas securities held within the trading portfolio are classified as 'mandatorily measured at fair value through profit or loss in accordance with AASB 9'.

The designation of securities within the investment portfolio as 'financial assets measured at fair value through other comprehensive income' is consistent with the Directors' view of these assets as being held for the long term for both capital growth and for the provision to the Company of dividends and distribution income rather than to make a profit from the sale of such securities, which is the purpose of securities held within the trading portfolio. Puttable instruments and convertible notes classified as debt are required to be classified at 'fair value through profit or loss' although the Directors also view these assets as being held for the long term for both capital growth and for the provision to the Company of distribution income and their being managed as part of the investment portfolio.

(ii) Valuation of Investment Portfolio

Securities, including listed securities and hybrids, are initially brought to account at market value, which is the cost of acquisition, and are revalued to market values (or fair value using a variety of relevant methodologies if there is no active market) continuously. Increments and decrements on equity instruments are recognised as other comprehensive income and taken to the revaluation reserve.

Gains and losses on puttable instruments and convertible notes that are classified as debt are recognised in profit or loss. However, they are subsequently transferred from retained earnings to the revaluation reserve.

Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the revaluation reserve to the Realisation Reserve. The amounts of such transfers are noted in the Statement of Changes in Equity, and are done primarily to isolate the realised gains out of which the Company can pay a 'Listed Investment Company' or 'LIC' gain as part of its dividend, which conveys certain taxation benefits to many of the Company's shareholders.

(iii) Valuation of Trading Portfolio

Securities, including listed and unlisted shares and options, are initially brought to account at market value, which is the cost of acquisition, or proceeds in the case of options written, and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken to profit or loss through the Income Statement.

(iv) Valuation of Options Written Portfolio

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.

(v) Income from Holdings of Securities

Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the relevant portion is treated as proceeds from a sale. If the distributions are capital returns on ordinary shares the amount of the distribution is treated as an adjustment to the carrying value of the shares.

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.

(d) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by any unused tax losses and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities (excluding 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.

Deferred taxes are recognised for the unrealised gain or loss on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments and convertible notes classified as debt and the options written portfolio.

A deferred tax asset or liability has to be made for any taxes that could arise on disposal of securities in the investment portfolio, even though there is no intention to dispose of them. Where the Company 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.

(e) Cash Flows

For the purpose of the Cash Flow Statement, 'cash' includes cash, deposits held at call, investment grade promissory notes and discounted bills of exchange.

NOTES TO THE FINANCIAL STATEMENTS continued

(f) Fair Value of Financial Assets and Liabilities

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

The fair value for assets that are actively traded on market is defined by AIFRS as 'last bid price'.

(g) Directors' Retirement Allowances

The Company recognises as 'amounts payable' Directors' retirement allowances that have been crystallised. No further amounts will be expensed as retirement allowances.

(h) Interest Rate Swaps

The Company has hedged a proportion of its short term borrowings against changes in interest rates by entering into interest rate swap agreements. Interest rate swaps are shown at 'fair value' on the Balance Sheet representing the cost of unwinding the swap. For that portion of the Company's swap agreements that are effective hedges (which is 100 per cent), the fair value of the unused portion of the swap agreement is recognised in equity. Otherwise the fair value is recognised in net profit. A portion of the accumulated amounts in equity are recycled in the Income Statement as the interest on the borrowings becomes due and payable and the hedge is used. The amount recognised is accounted for as finance costs during the period along with the interest on the borrowings. The net amount receivable or payable under interest rate swap agreements is also recognised at this time and is included in 'other receivables' or 'other payables' at each balance date.

(i) Rounding of Amounts

The Company is of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(j) Split between Revenue and Capital in Other Comprehensive Income

'Capital' relates to realised or unrealised gains or losses (and the tax thereon) on securities within the Investment Portfolio and excludes income in the form of distributions and dividends which are recorded as 'revenue'. 'Capital' also includes movements in the fair value of the Company's swap contracts. All other items, including expenses, are recorded as net operating result, which is categorised under 'revenue'.

(k) 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.

2. Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with AIFRS requires the use of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB112 *Income Taxes* deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised gain in the Investment Portfolio at current tax rates.

As the Directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 14. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal and the availability of future gains against which to set off the losses.

Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

3. Financial Reporting by segments

(a) Description of Segments

The Board makes the strategic resource allocations for the Company. The Company 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 the Company'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 the Company's performance is evaluated on an overall basis.

The Company invests in equity securities and other instruments to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends, option premiums and trading income and enhancement of capital invested.

(b) Segment Information Provided to the Board

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

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

	2014 \$'000	2013 \$'000
Net operating result after income tax expense	42,372	35,071
Add back income tax expense	3,502	2,264
Net gains on puttable instruments and non-equity investments	104	4,279
Net gains/(losses) on open options positions	663	(566)
Profit for the year before tax	46,641	41,048

In addition, the Investment Committee regularly reviews the net asset backing per share both before and after provision for deferred tax on the unrealised gains in the Company's long term investment portfolio. Deferred tax is calculated as set out in Notes 1(d) and 2. The relevant amounts as at 30 June 2014 and 30 June 2013 were as follows:

	2014 \$	2013 \$
Net tangible asset backing per share		
Before tax	3.76	3.50
After tax	3.66	3.46

(c) Other Segment Information

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

The Company is domiciled in Australia and all of the Company's income is derived from Australian entities or entities that maintain a listing in Australia. The Company has a diversified portfolio of investments, with no investment comprising more than 10 per cent of the Company's income, including realised income from the options written portfolio (2013: One investment – Westpac (11.9 per cent)).

NOTES TO THE FINANCIAL STATEMENTS continued

4. Operating Result Before Income Tax Expense

	2014 \$'000	2013 \$'000
Dividends and distributions		
– securities held in investment portfolio	38,400	34,144
– securities held in trading portfolio	125	397
	38,525	34,541
Interest income		
– income from cash investments	1,110	3,061
	1,110	3,061
Net gains		
– net realised gains from trading portfolio	370	1,649
– realised gains on options written portfolio	14,365	7,147
– unrealised gains from trading portfolio	-	869
	14,735	9,665
Income from operating activities	54,370	47,267
Finance costs	(4,956)	(6,612)
Administration fees paid to AICS	(2,234)	(2,221)
Share of net profit from Associate	114	166
Other administration expenses	(1,420)	(1,265)
Operating result before income tax expense	45,874	37,335

Further information relating to remuneration of auditors is set out in Note 25, Directors and Executives in Note 23.

5. Tax Expense

	2014 \$'000	2013 \$'000
(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Operating result before income tax expense	45,874	37,335
Tax at the Australian tax rate of 30 per cent (2013 – 30 per cent)	13,762	11,200
Tax offset for franked dividends	(9,105)	(9,269)
Tax effect of sundry items not taxable in calculating taxable income	(755)	730
	3,902	2,661
Over provision in prior years	(400)	(397)
Income tax expense on operating result before net gains on investments	3,502	2,264
Net gains on investments	767	3,713
Tax at the Australian tax rate of 30 per cent (2013 – 30 per cent)	230	1,114
Tax expense on net gains on investments	230	1,114
Total tax expense	3,732	3,378
(b) Tax Expense Composition		
Charge for tax payable relating to the current year	4,037	1,909
Over provision in prior years	(400)	(397)
Increase in tax – puttable instruments and non-equity investments	31	1,284
Increase in deferred tax liabilities – other	64	582
	3,732	3,378
(c) Amounts Recognised Directly Through Other Comprehensive Income		
Increase in deferred tax liabilities relating to capital gains tax on the movement in unrealised gains or losses in the investment portfolio	24,563	34,138
	24,563	34,138

6. Current Assets and Liabilities – Cash

	2014 \$'000	2013 \$'000
Cash at bank and in hand	18,354	14,386
Fixed term deposits	-	77,000
	18,354	91,386

Cash holdings yielded an average floating interest rate of 3.25 per cent (2013: 4.3 per cent).

(a) Credit Risk Exposure

All cash investments not held in a transactional account are invested in short term deposits with Australia's big four commercial banks or their wholly-owned subsidiaries, all rated 'AA-' by S&P.

(b) Standby Arrangements and Credit Facilities

The Company was party to agreements under which Commonwealth Bank of Australia and Westpac Bank would extend cash advance facilities. \$50 million of the facility with Commonwealth Bank is a five-year facility (expires 30 June 2016). Another \$50 million of the Commonwealth Bank facility is a three-year facility (expires 30 October 2014). The remainder are 12-month facilities at different expiry dates. Note that after the year-end, \$10 million of facility previously offered by the Commonwealth Bank was changed to Westpac Bank.

NOTES TO THE FINANCIAL STATEMENTS continued

	2014 \$'000	2013 \$'000
Commonwealth Bank of Australia – cash advance facility	135,000	125,000
Amount drawn down at 30 June	60,000	70,000
Undrawn facilities at 30 June	75,000	55,000
Westpac Bank – cash advance facility	15,000	25,000
Amount drawn down at 30 June	15,000	5,000
Undrawn facilities at 30 June	0	20,000
Total short term loan facilities	150,000	150,000
Total drawn down at 30 June	75,000	75,000
Total undrawn facilities at 30 June	75,000	75,000

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

The current debt facilities are as follows:

Facility Provider	Amount	Expiry Date
Commonwealth Bank	\$50 million	30 October 2014
Commonwealth Bank	\$25 million	31 December 2014
Westpac Bank	\$15 million	31 December 2014
Westpac Bank	\$10 million	30 June 2015
Commonwealth Bank	\$50 million	30 June 2016
Total Facilities	\$150 million	

7. Current Assets – Receivables

	2014 \$'000	2013 \$'000
Dividends and distributions receivable	6,128	5,418
Outstanding settlements – investment and options written portfolio	18,266	4,244
Outstanding settlements – trading portfolio	-	1,118
Other receivables/pre-payments	54	411
	24,448	11,191

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

8. Current Assets – Trading Portfolio

	2014 \$'000	2013 \$'000
Listed securities at market value:		
– shares and trust units	-	6,366
	-	6,366

9. Non-current Assets – Investment Portfolio

	2014 \$'000	2013 \$'000
Equity instruments		
– shares/trust and stapled securities market value	874,180	764,169
– unlisted securities at fair value	34	48
Puttable instruments and convertible notes classified as debt	2,730	2,626
	876,944	766,843

For a detailed list of the fair value of the securities in the investment portfolio measured at fair value through other comprehensive income, see Note 28.

10. Deferred Tax Liabilities

The Company's net deferred tax liabilities arise from temporary differences in the recognition of items for taxation and accounting purposes, as described in Note 1 (d). The key components are:

	2014 \$'000	2013 \$'000
(a) Trading portfolio	-	198
(b) Tax on unrealised gains in the options written portfolio	480	281
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	(173)	(198)
(d) Interest and dividend income receivable which is not assessable for tax until receipt	92	54
	399	335

Movements:

Opening asset balance at 1 July	335	(247)
Charged to Income Statement	64	582
	399	335

Any deferred tax asset arising from provisions and expenses charged but not yet tax deductible will be obtained when the relevant items become tax deductible, provided that the Company derives sufficient assessable income to enable the benefit from the deductions to be taken in that year and there are no intervening changes in tax legislation adversely affecting the Company's ability to claim the tax deduction.

The portion of deferred tax liability likely to be reversed within the next 12 months is \$572,000 (2013: \$533,000). This relates primarily to items described in items (a), (b) and (d) above.

11. Current Liabilities – Payables

	2014 \$'000	2013 \$'000
Outstanding settlements – investment and options written portfolio	433	-
Directors' retirement benefits	547	661
Other payables	695	294
	1,675	955

Payables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

	2014 \$'000	2013 \$'000
Opening balance for Directors' retirement benefits	661	661
Paid during the year	(114)	-
	547	661

NOTES TO THE FINANCIAL STATEMENTS continued

12. Interest Rate Swaps

	2014 \$'000	2013 \$'000
Opening balance at 1 July	(2,367)	(3,326)
Movement for year (net of tax)	428	959
Fair value of interest rate swap agreements	(1,939)	(2,367)

The Company has entered into two interest rate hedging contracts at a rate of 5.520 per cent and 3.3225 per cent with the Commonwealth Bank of Australia and Westpac, under which the Company will pay a fixed interest rate on \$75 million worth of short term borrowings which have a floating interest rate. These have been designated as effective hedges and any movements in their fair value will be shown as an adjustment against equity. These swaps commenced in March 2011 and February 2013. Both have five-year effective lives. The reserve and the corresponding asset/liability are measured as the fair value of the interest rate swaps net of associated tax. It is currently anticipated that the swaps will be held to maturity and consequently that they will have no impact, under current Accounting Standards, on the Income Statement.

13. Options Written Portfolio

The Company enters into option contracts in the options written portfolio for the purpose of enhancing returns via the premiums that it earns from the writing of these contracts. It is separate from both the trading portfolio and the investment portfolio, and the options are held as 'liabilities measured at fair value through profit or loss'. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying shares at an agreed price if the taker exercises the option. Exchange Traded Options are valued using observable market data which is obtained via an independent third-party data provider. During the year, the Company only wrote options in the options written portfolio against stock that was held in its investment portfolio.

As at balance date there were no put options outstanding (2013: \$9.6 million exposure). At balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$289.4 million (2013: \$260.6 million). The total income for the year of \$14.4 million (2013: \$7.1 million) plus the unrealised gain on the open options position of \$0.7 million (2013: \$0.6 million loss), both before tax, resulted in a net pre tax 'profit' of \$15.1 million (2013: \$6.6 million).

As at balance date these contracts were predominantly exchange-traded options and were entered into within the constraints and controls imposed by the Australian Securities Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly to consider, review and approve the option transactions of the Company and related matters. \$130.6 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2013: \$110.3 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.

14. Deferred Tax Liabilities – Investment Portfolio

	2014 \$'000	2013 \$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	23,196	8,287

Refer Note 2 for further detail on the nature of the deferred tax assets and liabilities on the investment portfolio

Opening balance at 1 July	8,287	(2,375)
Charged to income statement for tax on fair value movement of puttable instruments and non-equity investments	31	1,284
Tax on realised gains or Losses	(9,685)	(24,760)
Charged to OCI for ordinary securities	24,563	34,138
Closing balance at 30 June	23,196	8,287

15. Shareholders' Equity – Share Capital

Movements in share capital of the Company during the past two years were as follows:

Date	Details	Notes	Number of Shares '000	Issue Price \$	Paid-up Capital \$'000
1/07/2012	Balance		217,103		628,797
24/08/2012	Dividend Reinvestment Plan	(i)	1,487	3.66	5,441
Various	Costs of issue		-		(13)
30/06/2013	Balance		218,590		634,225
30/06/2014	Balance		218,590		634,225

There are no shares that have not been fully paid, all shares rank *pari passu* and have no par value.

(i) The Company has a Dividend Reinvestment Plan (DRP) under which shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares was based on the average selling price of shares traded on the Australian Securities Exchange in the five days after the shares begin trading on an ex-dividend basis. The DRP is currently suspended.

The Company introduced an on-market Buy-Back Program in December 2000. During the 2014 financial year the Company bought back no shares (2013: Nil). The facility remains open.

16. Capital Management

The Company's objectives in managing capital are to continue to provide shareholders with attractive investment returns through access to a steady stream of fully-franked dividends alongside enhancement of capital invested, with goals of paying an enhanced level of dividends and providing attractive total returns over the medium to long term.

The Company recognises that its capital will fluctuate in accordance with market conditions, and may adjust the amount of dividends paid, issue new shares from time to time or buy-back its own shares or sell assets to reduce debt.

The Company's capital consists of its shareholders equity less the fair value of the interest rate swaps, plus any net borrowings. The change in this capital is as noted in Notes 6 (b), 15, 17, 18 and 19.

17. Revaluation Reserve

	2014 \$'000	2013 \$'000
Opening balance at 1 July	53,656	(17,359)
Gains/(losses) on investment portfolio		
– equity instruments	81,025	111,854
– puttable instruments and non-equity investments (transferred from retained earnings)	104	4,279
Transfer of taxation charge previously accounted for on scrip-for-scrip takeovers	-	(728)
Provision for tax on unrealised gains	(24,594)	(35,422)
Cumulative taxable realised (gains)/losses (net of tax)	(9,290)	(8,968)
	100,901	53,656

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy Note 1 (c)(ii).

NOTES TO THE FINANCIAL STATEMENTS continued

18. Realised Capital Gains Reserve

	2014 \$'000			2013 \$'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	58,787	(30,560)	28,227	1,874	17,385	19,259
Dividends paid	(21,859)	-	(21,859)	-	-	-
Cumulative taxable realised (losses)/gains for period	33,809	(14,834)	18,975	81,673	(47,945)	33,728
Tax on realised gains/(losses)	(9,685)	-	(9,685)	(24,760)	-	(24,760)
	61,052	(45,394)	15,658	58,787	(30,560)	28,227

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in accounting policy Note 1 (c)(ii).

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.

19. Retained Profits

	2014 \$'000	2013 \$'000
Opening balance at 1 July	42,436	63,628
Dividends paid	(34,974)	(56,595)
Statutory profit for the year	42,909	37,670
Transfer from revaluation reserve in respect of charge for previous scrip-for-scrip takeovers	-	728
Transfer to revaluation reserve (net of tax)	(73)	(2,995)
	50,298	42,436

This reserve relates to past profits.

20. Financial Instruments

(a) Financial Risk Management

Accounting Standards identify three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

Credit Risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as set out below with respect to cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue.

Cash and Cash Equivalents

All cash investments not held in a transactional account are invested in short term deposits with Australia's big four commercial banks or their wholly-owned subsidiaries. The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

Receivables

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

Trading and Investment Portfolios

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities that are not equity securities to the extent of their carrying values, in the event of a shortfall on winding-up of the issuing companies.

Credit risk exposure also arises in relation to options bought by the Company, if any, to the extent of their carrying value.

Liquidity Risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash flow requirements daily. Furthermore, the Investment Committee 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 the Company to purchase securities and facilities that need to be repaid. The Company ensures that it has either cash or access to short term borrowing facilities sufficient to meet these contingent payments.

The level of gearing that the Company has ensures that covenant levels associated with facilities are unlikely to be breached. In the unlikely event that a fall in the value of the stock market is such that a breach would appear possible, the Company would amend its cash flows through the sale of securities and the cessation of purchases to ensure that any short term debt is extinguished.

The Company's inward operating cash flows depend upon the level of distributions received. Should these drop by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is manageable by the Board and management. Furthermore, the assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary. The current financial liabilities are shown in Notes 6 (b) and 11. The table below analyses the Company's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 6 Months \$'000	6-12 Months \$'000	Greater than 1 Year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
30 June 2014					
Non-derivatives					
Payables	1,675	-	-	1,675	1,675
Borrowings	75,000	-	-	75,000	75,000
	76,675	-	-	76,675	76,675
Derivatives					
Options written*	-	-	-	-	5,575
Interest rate swaps	745	745	1,311	2,801	1,939
	745	745	1,311	2,801	7,514
30 June 2013					
Non-derivatives					
Payables	955	-	-	955	955
Borrowings	75,000	-	-	75,000	75,000
	75,955	-	-	75,955	75,955
Derivatives					
Options written*	9,585	-	-	9,585	8,240
Interest rate swaps	742	742	2,784	4,268	2,367
	10,327	742	2,784	13,853	10,607

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

NOTES TO THE FINANCIAL STATEMENTS continued

Market Risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature as a Listed Investment Company that invests in tradeable securities, the Company can never be free of market risk as it invests its capital in securities which are not risk free – the market price of these securities will fluctuate.

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the investment portfolio would lead to a reduction in the Company's other comprehensive income of \$30.6 million and \$61.2 million respectively, at a tax rate of 30 per cent (2013: \$26.7 million and \$53.5 million) and a reduction in profit after tax of \$96,000 and \$191,000 respectively, at a tax rate of 30 per cent (2013: \$92,000 and \$184,000 respectively). A market fall of 5 per cent and 10 per cent across the Trading Portfolio and Options Written Portfolio would lead to an increase in profit after tax of \$195,000 and \$390,000 respectively (2013: \$66,000 and \$131,000). The Revaluation Reserve at 30 June 2014 was \$100.9 million (2013: \$53.7 million). It would require a fall in the value of the Investment Portfolio of 16 per cent after tax to fully deplete this.

The Company 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 and risk can be managed by reducing exposure where necessary. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's investment by sector is as below:

	2014 %	2013 %
Energy	13.54	13.25
Materials	17.98	17.84
Industrials	8.25	7.37
Consumer staples	7.35	6.14
Banks	25.15	21.96
Other financials (including property trusts)	11.56	10.95
Telecommunications	6.49	6.06
Other – healthcare, information technology, utilities	7.62	5.76
Cash	2.06	10.67

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

	2014 %
BHP Billiton	10.3
Westpac Bank	7.5
Telstra	6.5
Commonwealth Bank	6.3
ANZ Bank	5.9
National Australia Bank	5.9

	2013 %
BHP Billiton	10.3
Commonwealth Bank	6.8
Telstra	6.8
National Australia Bank	6.4
Westpac	5.7
ANZ Bank	5.7

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

Interest Rate Risk

The Company is not currently materially exposed to interest rate risk as all its cash investments and borrowings are short term for a fixed interest rate and it has entered into interest rate hedging contracts with the Commonwealth Bank of Australia and Westpac Bank, under which the Company will pay a fixed interest rate on \$75 million worth of short term borrowings, which commenced in March 2011 and February 2013. This locks in a longer-term fixed rate for a substantial proportion of the Company's debt. Should interest rates move to the extent that the Board feel that the swaps are uneconomical, they will be unwound and the cost of unwinding them would be reflected through the Income Statement. Interest rate risk on any hybrid securities held by the Company is reflected in their market value. The hedges were fully effective for the year. The Company is also not directly exposed to currency risk as all its investments are quoted in Australian dollars. 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. During the year (and the comparative period) options were only written against securities that are held in the trading or investment portfolio.

(b) Fair Value Measurements

Accounting standards require the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liabilities that are not based on observable market data (unobservable inputs) (level 3).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2014				
Financial assets at fair value through other comprehensive income				
Investment portfolio (equity)	874,180	34	-	874,214
Financial assets at fair value through profit or loss				
Investment portfolio (puttables and convertible notes classified as debt)	2,730	-	-	2,730
Financial liabilities at fair value through profit or loss				
Options written	-	(5,575)	-	(5,575)
Derivatives used for hedging				
	-	(1,939)	-	(1,939)
Total	876,910	(7,480)	-	869,430
30 June 2013				
Financial assets at fair value through other comprehensive income				
Investment portfolio (equity)	764,169	48	-	764,217
Financial assets at fair value through profit or loss				
Trading portfolio	6,366	-	-	6,366
Investment portfolio (puttables and convertible notes classified as debt)	2,626	-	-	2,626
Financial liabilities at fair value through profit or loss				
Options written	-	(8,240)	-	(8,240)
Derivatives used for hedging				
	-	(2,367)	-	(2,367)
Total	773,161	(10,559)	-	762,602

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over the counter derivatives) is determined using valuation techniques. The Company uses a variety of valuation methods and makes assumptions that are based on market conditions existing at the end of each reporting period. These instruments are included in level 2 and comprise call options written by the Company and the Company's investment in Hexima Ltd, currently unlisted. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3 (currently none).

NOTES TO THE FINANCIAL STATEMENTS continued

(c) Numerical disclosures – Investment Portfolio

The fair value of each investment held at fair value through other comprehensive income (investment portfolio) is disclosed in Note 28.

Dividend and distribution income for the period on those investments held at period end was \$36.1 million (2013: \$28.1 million), and dividend and distribution income for those investments sold during the period was \$2.4 million (2013: \$5.9 million). Certain securities within the investment portfolio were disposed of during the period, whether during the normal course of the Company's activities as a Listed Investment Company or as the result of take-overs or acquisitions. The fair value of the investments sold during this period was \$185.7 million (2013: \$300.1 million). The cumulative gain on these disposals (which excludes the realised gain on puttable instruments) was \$9.3 million for the period after tax (2013: \$1.2 million), which has been transferred from the revaluation reserve to the realisation reserve (refer to statement of changes in equity). No puttable instruments have also been sold from the portfolio (2013: \$30.4 million).

The Company has two classes of investments in the investment portfolio – (i) assets defined under AASB 9 as 'equity investments', the fair value of which is valued through other comprehensive income and at 30 June 2014 was \$874.2 million (30 June 2013: \$764.2 million) and (ii) puttable instruments and convertible notes that cannot be classified as equity instruments under AASB 9 and are consequently accounted for at fair value through profit or loss. The fair value of these at 30 June 2014 was \$2.7 million (30 June 2013: \$2.6 million).

21. Dividends

	2014 \$'000	2013 \$'000
(a) Dividends Paid During the Year		
Final dividend for the year ended 30 June 2013 of 16 cents fully franked at 30 per cent paid on 23 August 2013 (2013: 16 cents fully franked at 30 per cent paid on 24 August 2012)	34,974	34,736
Interim dividend for the year ended 30 June 2014 of 10 cents per share fully franked at 30 per cent, paid 18 February 2014 (2013: 10 cents fully franked at 30 per cent paid 19 February 2013)	21,859	21,859
	56,833	56,595
(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	44,104	41,607
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(14,989)	(14,989)
Net available	29,115	26,618
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	67,935	62,109
The Company's ability to continue to pay franked dividends is dependent upon the balance of the Company's franking account. This is replenished by the receipt of franked dividends from the trading and investment portfolios and the Company paying tax on income and realised capital gains (if any)		
(c) Dividends Declared After Balance Date		
Since the end of the year Directors have declared a final dividend of 16 cents per share fully franked at 30 per cent. The aggregate amount of the final dividend for the year to 30 June 2014 to be paid on 22 August 2014, but not recognised as a liability at the end of the financial year	34,974	
(d) Listed Investment Company Capital Gain Account		
Balance of the Listed Investment Company (LIC) capital gain account	59,563	56,311
This would equate to an attributable amount of:	85,090	80,445

Distributed LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the dividend statement. LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios.

22. Earnings Per Share

	2014	2013
Basic earnings per share	Number	Number
Weighted average number of ordinary shares used as the denominator	218,589,718	218,365,695
	\$'000	\$'000
Profit for the year	42,909	37,670
	Cents	Cents
Basic earnings per share	19.63	17.25
Basic net operating result per share	\$'000	\$'000
Net operating result	42,372	35,071
	Cents	Cents
Basic net operating result per share	19.38	16.06

23. Directors and Executives

The remuneration for the Directors was as follows:

	Short Term Benefits \$	Post Employment Benefits \$	Total \$
2014			
Directors	617,135	71,722	688,857
2013			
Directors	599,427	58,351	657,778

Shareholdings

At balance date, shares issued by the Company and held directly, indirectly or beneficially by Non-Executive Directors and Executives of the Company, or by entities to which they were related were:

	Opening Balance	Net Changes	Closing Balance
2014			
J Paterson	244,310	-	244,310
RE Barker	371,495	4,500	375,995
PC Barnett	40,000	-	40,000
TA Campbell	486,582	-	n/a
KJ Fagg (appointed 29 May 2014)	n/a	-	0
GB Goldsmith	20,000	-	20,000
AF Guy	220,450	-	220,450
GJ Kraehe	38,523	-	38,523
BB Teele	1,855,800	-	1,855,800
AJM Williams	8,904	-	8,904
GN Driver	21,635	1,628	23,263
RM Freeman	41,065	-	41,065
SM Pordage	1,168	1,140	2,308
AJB Porter	2,017	2,076	4,093

NOTES TO THE FINANCIAL STATEMENTS continued

2013	Opening Balance	Net Changes	Closing Balance
BB Teele	1,957,019	(101,219)	1,855,800
RE Barker	365,200	6,295	371,495
PC Barnett	40,000	-	40,000
TA Campbell	466,201	20,381	486,582
GB Goldsmith	n/a	20,000	20,000
AF Guy	211,217	9,233	220,450
GJ Kraehe	36,909	1,614	38,523
J Paterson	234,076	10,234	244,310
AJM Williams	8,531	373	8,904
GN Driver	20,000	1,635	21,635
RM Freeman	41,065	-	41,065
SM Pordage	-	1,168	1,168
AJB Porter	-	2,017	2,017

24. Related Parties

All transactions with deemed related parties were made on normal commercial terms and conditions and approved by independent Directors.

	2014 \$'000	2013 \$'000
The Company has paid administrative fees to its associated entity, AICS, in which it has a 25 per cent shareholding:		
Administration expenses paid during the year	2,234	2,221

25. Remuneration of Auditors

	2014 \$	2013 \$
During the year the auditor earned the following remuneration:		
PricewaterhouseCoopers		
Audit or review of financial reports	106,960	104,863
Non-audit services		
Taxation compliance services	50,850	40,535
Total remuneration	157,810	145,398

The Company's Audit Committee oversees the relationship with the Company's external auditors. The Audit Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other audit-related tax compliance services provided by the audit firm to ensure they do not compromise independence. Other non-audit services would not normally be provided by the external audit firm. However, if for special reasons such services were to be proposed, the Audit Committee would review the proposal to also ensure they did not affect the independence of the external audit function. The Company also conforms to legal requirements regarding audit partner rotation every five years.

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

	2014 \$'000	2013 \$'000
Profit for the year	42,909	37,670
– Fair value movement in puttable instruments	(73)	(2,995)
– Net (increase)/decrease in trading portfolio	6,366	10,039
– Net profit from Associate	(80)	(113)
– Increase/(decrease) in options written portfolio	(2,665)	6,061
– Dividends received as securities under DRP investments	(4,431)	(1,195)
– Decrease/(increase) in current receivables	(13,257)	19,113
– Less increase/(decrease) in receivables for investment portfolio	14,022	(15,546)
– (Decrease)/increase in deferred tax liabilities	14,973	11,244
– Less decrease/(increase) in deferred tax liability on investment portfolio	(14,909)	(10,662)
– Increase/(decrease) in current payables	720	(983)
– Less (increase)/decrease in payables for investment portfolio	(433)	998
– Increase/(decrease) in provision for tax payable	(11,526)	24,665
– Add taxes paid on capital gains	24,044	-
– Add/(less) capital gains tax through OCI	(9,685)	(24,760)
Net cash flows from operating activities	45,975	53,536

27. Contingencies

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

28. Securities at Fair Value Through Other Comprehensive Income at 30 June 2014

The below lists those of securities held in the investment portfolio that are valued at fair value through other comprehensive income. They do not include securities in the trading portfolio, puttable instruments or convertible notes classified as debt in the investment portfolio (which are held at 'fair value through profit or loss') or the options written portfolio.

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

	2014 \$'000	2013 \$'000
AGL Energy	14,571*	13,630*
Alumina	5,019	3,662
ALS	3,425*	980*
AMCIL	10,281	9,115
Amtcor	10,795*	12,367*
AMP	22,377*	20,175*
ANZ Banking Group	51,978*	43,958*
APA Group	12,161	17,161*
Asciano	3,930*	-
ASX	8,553*	6,433*
Aurizon	4,806*	-
BHP Billiton	89,610*	79,086*
Boral	4,344*	4,852*
Brambles	18,934*	24,380*
Caltex	4,314*	-
Coca-Cola Amatil	11,538*	15,502*
Commonwealth Bank	55,553*	53,266*

NOTES TO THE FINANCIAL STATEMENTS continued

	2014 \$'000	2013 \$'000
Computershare	7,261*	10,751*
CSL	7,420*	-
Equity Trustees	2,550	1,006
Fletcher Building	-	4,427*
Hexima	34	48
Iluka	2,927*	4,096*
Incitec Pivot	8,336*	6,505*
Insurance Australia Group	5,721*	5,357*
James Hardie	3,114*	-
Japara Healthcare	4,818	-
Mirrabooka Investments	12,372	10,849
National Australia Bank	51,807*	49,282*
Oil Search	41,660*	35,341*
Orica	9,911*	12,536*
Origin Energy	18,164*	14,072*
PanAust	-	1,331
Perpetual	4,339*	1,920
QBE Insurance Group	14,259*	21,379*
Qube Holdings	6,498*	-
Ramsay Healthcare	1,820	-
Recall	3,451*	-
Resmed	3,836*	-
Rio Tinto	26,502*	24,661*
SAI Global	1,150*	-
Santos	23,031*	21,553*
Scentre Group	3,296	-
Seek	2,695*	-
Sonic Healthcare	7,972*	5,924*
Suncorp	15,916*	15,350*
Sydney Airport	3,221	14,284*
Telstra Corporation	56,603*	52,061*
Toll Holdings	8,640*	9,013*
TPG Telecoms	1,433	-
Transurban Group	17,516*	16,431*
Treasury Wine Estates	2,641*	1,098
Trust Company	-	2,031
Twenty-First Century Fox	8,029	-
Wesfarmers	29,712*	15,814*
Wesfarmers PPS	-	5,266
Westfield Corp	1,056*	-
Westpac Banking Corporation	65,712*	43,951*
Woodside Petroleum	34,038*	34,891*
Woolworths	21,693*	15,109*
WorleyParsons	871*	3,313*
Total	874,214	764,217

* Part or all of the security was subject to call options written by the Company.

DIRECTORS' DECLARATION

In the Directors' opinion:

(1) the financial statements and notes set out on pages 27 to 50 are in accordance with the *Corporations Act 2001* including:

(a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and

(2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 to the financial statements confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014. The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements comply with accounting standards and that they give a true and fair view.



John Paterson
Chairman

Melbourne
17 July 2014



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

Report on the financial report

We have audited the accompanying financial report of Djerriwarrh Investments Limited (the company), which comprises the balance sheet as at 30 June 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion:

1. the financial report of Djerriwarrh Investments Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Djerriwarrh Investments Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
17 July 2014

OTHER INFORMATION

INFORMATION ABOUT SHAREHOLDERS

At 11 July 2014 there were 19,035 holdings of ordinary shares. These holdings were distributed in the following categories:

Size of Holding	Shareholdings (at 11 July 2014)
1 to 1,000	2,221
1,001 to 5,000	6,868
5,001 to 10,000	4,397
10,001 to 100,000	5,395
100,000 and over	154
Total	19,035
Twenty largest shareholdings	9.75%
Average shareholding	11,483

There were 272 shareholdings of less than a marketable parcel of \$500 (103 shares).

Voting Rights of Ordinary Shares

The Constitution provides for votes to be cast:

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

Major Shareholders

The 20 largest holdings of ordinary shares as at 11 July 2014 are listed below:

Shares	Holding	% Total
Australian Foundation Investment Company Limited	8,596,503	3.93
Bruce Teele	1,855,800	0.85
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	1,422,368	0.65
Miss Margaret Frances Erskine	1,400,000	0.64
Mrs Nida Dorothy Johnson	1,136,719	0.52
Gumala Investments Pty Ltd <General Gumala Foundatn A/C>	975,000	0.45
Navigator Australia Ltd <MLC Investment Sett A/C>	751,242	0.34
Resthaven Incorporated	495,493	0.23
Terrence Campbell	486,582	0.22
Australian Executor Trustees Limited <No 1 Account>	454,849	0.21
Baker Custodian Corporation	450,000	0.21
UBS Wealth Management Australia Nominees Pty Ltd	432,721	0.20
PNBW Pty Ltd <F & JA Arrowsmith Family A/C>	420,156	0.19
Brownell Superannuation Pty Ltd <Brownell Super Fund A/C>	400,000	0.18
Mr Ian Stanley Fraser + Mr John Bruce Hannaford + Mr Andrew Stanley Fraser <Joe White Bequest A/C>	396,360	0.18
Ross Barker	375,995	0.17
Laidlaw Family Investments Pty Ltd <Laidlaw Family Invest A/C>	351,884	0.16
Mrs Margaret Mary Wilson	328,000	0.15
Mr Mark Adrian Bendall	303,000	0.14
Dr Ian Richard Jenkins + Mrs Sarah Louise Jenkins <Ian & Sarah Jenkins S/F A/C>	292,328	0.13

SUBSTANTIAL SHAREHOLDERS

The Company has not been notified of any substantial shareholders.

TRANSACTIONS IN SECURITIES

During the year ended 30 June 2014, the Company recorded 1,945 transactions in securities (including options). \$1,364,325 (including GST) in brokerage was paid or accrued for the year.

HOLDINGS OF SECURITIES

As at 30 June 2014

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

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

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

Code	Company Name	Number of Shares Held 2013 '000	Number of Shares Held 2014 '000	Market Value 2014 \$'000
AGK*	AGL Energy	941	941	14,518
AIO*	Asciano	0	698	3,867
ALQ*	ALS	102	387	3,261
AMC*	Amcor	1,220	1,035	10,713
AMH	AMCIL	10,599	10,599	10,281
AMP*	AMP	4,747	4,222	22,146
ANZ*	Australia & New Zealand Banking Group	1,538	1,559	51,699
APA	APA Group	2,865	1,765	12,161
ASX*	ASX	195	240	8,541
AWC	Alumina	3,718	3,718	5,019
AZJ*	Aurizon Holdings	0	965	4,725
BHP*	BHP Billiton	2,521	2,496	89,390
BLD*	Boral	1,153	828	4,324
BXB*	Brambles	2,610	2,060	18,830
CBA*	Commonwealth Bank of Australia	770	687	54,958
CCL*	Coca-Cola Amatil	1,220	1,220	11,509
CPU*	Computershare	1,047	582	7,251
CSL*	CSL	0	112	7,418
CTX*	Caltex Australia	0	200	4,271
EQT	Equity Trustees	67	122	2,550
FOX	Twenty-First Century Fox	0	216	8,029
#	Hexima	280	280	34
IAG*	Insurance Australia Group	985	980	5,670
ILU*	Iluka Resources	410	360	2,911
IPL*	Incitec Pivot	2,275	2,875	8,238
JHC	Japara Healthcare	0	2,050	4,818
JHX*	James Hardie Industries	0	225	3,081
MIR	Mirrabooka Investments	4,616	4,616	12,372
NAB*	National Australia Bank	1,660	1,580	51,687
ORG*	Origin Energy	1,119	1,242	17,989
ORI*	Orica	607	509	9,880
OSH*	Oil Search	4,977	4,308	40,685
PPCG	Peet 9.5% Convertible notes	26	26	2,730
PPT*	Perpetual	54	92	4,339
QBE*	QBE Insurance Group	1,487	1,312	14,235

Code	Company Name	Number of Shares Held 2013 '000	Number of Shares Held 2014 '000	Market Value 2014 \$'000
QUB*	Qube Holdings	0	2,850	6,401
REC*	Recall Holdings	0	722	3,427
RHC	Ramsay Health Care	0	40	1,820
RIO*	Rio Tinto	471	447	26,459
RMD*	ResMed	0	700	3,791
SAI*	SAI Global	0	225	1,008
SCG	Scentre Group	0	1,030	3,296
SEK*	Seek	0	170	2,684
SHL*	Sonic Healthcare	400	460	7,894
STO*	Santos	1,819	1,615	22,831
SUN*	Suncorp Group	1,288	1,175	15,788
SYD	Sydney Airport	4,226	763	3,221
TCL*	Transurban Group	2,431	2,370	17,366
TLS*	Telstra Corporation	10,914	10,864	56,294
TOL*	Toll Holdings	1,694	1,694	8,618
TPM	TPG Telecom	0	260	1,433
TWE*	Treasury Wine Estates	189	527	2,599
WBC*	Westpac Banking Corporation	1,522	1,940	65,401
WES*	Wesfarmers	399	710	29,652
WFD*	Westfield Corporation	0	148	1,013
WOR*	WorleyParsons	170	50	822
WOW*	Woolworths	460	616	21,628
WPL*	Woodside Petroleum	1,023	829	33,792
Total				871,369

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

Unlisted stock.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (Above \$5 Million)	Cost \$'000
Westpac Banking Corporation	40,690
Australia & New Zealand Banking Group	24,578
National Australia Bank	15,757
Commonwealth Bank of Australia	15,473
Wesfarmers ^(a)	13,028
Woolworths	9,944
CSL	7,524
Twenty-First Century Fox	7,514
Qube Holdings	6,220

Sales (Above \$5 Million)*	Proceeds \$'000
Westpac Banking Corporation	25,729
Australia & New Zealand Banking Group	23,032
Commonwealth Bank of Australia	19,795
National Australia Bank	16,877
Sydney Airport	12,723
APA Group	7,198
Woodside Petroleum	6,516
Brambles	6,293
Wesfarmers PPS ^(b)	5,378
Transurban Group	5,016

(a) Includes \$5.4 million from conversion of WES Partially Protected Securities (WESN).

(b) Conversion of WES Partially Protected Securities (WESN) to Wesfarmers Ordinary Shares.

* All sales other than Wesfarmers PPS are as a result of the exercise of call options.

SUB-UNDERWRITING

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

ISSUES OF SECURITIES

The DRP was suspended for the 2013 interim dividend and remains suspended.

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

COMPANY PARTICULARS

Djerriwarrh Investments Limited (DJW)
ABN 38 006 862 693

Directors

John Paterson, Chairman
Ross E Barker, Managing Director
Peter C Barnett
Kathryn J Fagg
Graham B Goldsmith
Andrew F Guy
Graham J Kraehe AO
Bruce B Teele
Alice JM Williams

Company Secretaries

Simon M Pordage
Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office

Level 21, 101 Collins Street
Melbourne Victoria 3000

Mail Address

Mail Box 146
101 Collins Street
Melbourne Victoria 3000

Contact Details

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

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

Telephone 1800 780 784 (toll free)

Share Registrar

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

Shareholder

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

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

Australian Securities Exchange Code

DJW Ordinary shares

Annual General Meeting

Time 10.00am
Date Monday 6 October 2014
Venue RACV City Club
Location 501 Bourke Street
Melbourne

Brisbane Shareholder Meeting

Time 2.30pm
Date Friday 10 October 2014
Venue Hilton Hotel
Location 190 Elizabeth Street
Brisbane

Adelaide Shareholder Meeting

Time 2.30pm
Date Monday 13 October 2014
Venue Adelaide Festival Centre
Location King William Road
Adelaide

Sydney Shareholder Meeting

Time 2.30pm
Date Monday 20 October 2014
Venue Four Seasons Hotel
Location 199 George Street
Sydney

Annual Review
2014



The investment goals of Djerriwarrh are:

- ▶ To provide attractive total returns including capital growth over the medium to long term.
- ▶ To pay an enhanced level of dividends.

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Djerriwarrh Investments is a listed investment company investing in Australian equities. For stocks where there is an options market the Company often uses options to enhance the income return to investors.

The Company aims to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested.

YEAR IN SUMMARY

PROFIT FOR THE YEAR

\$42.9m

▲ Up 13.9% from 2013

NET OPERATING RESULT

\$42.4m

▲ Up 20.8% from 2013

FULLY FRANKED DIVIDEND

16¢ **26¢**
Final Total

■ Same as 2013

TOTAL PORTFOLIO RETURN

+15.6%

S&P/ASX 200 Accumulation Index +17.4%

TOTAL SHAREHOLDER RETURN

+17.4%

Share price plus dividends

MANAGEMENT EXPENSE RATIO

0.39%

0.39% in 2013

TOTAL PORTFOLIO

\$889.7m
Including cash

\$856.4 million in 2013

REVIEW OF OPERATIONS AND ACTIVITIES

Profit Performance

Profit for the year to 30 June 2014 was \$42.9 million, up 13.9 per cent from \$37.7 million in the corresponding period last year. The net operating result, which is our preferred measure of the ongoing investment, trading and option income from the Company's portfolios, was up 20.8 per cent to \$42.4 million compared with \$35.1 million for the last year.

Income from option activity and the trading portfolio was \$14.7 million, well ahead of the corresponding figure of \$9.7 million last year. The increase was a result of the rise in the market combined with maintenance of option coverage over the portfolio at the upper end of the target range. Income from investments was up 11.5 per cent, from \$34.5 million to \$38.5 million as a result of the general move to higher dividend payments from companies Djerriwarrh invests in and \$1.6 million of demerger dividends from Amcor and Brambles.

Dividend

Djerriwarrh's final dividend has been maintained at 16 cents per share fully franked bringing total dividends for the year to 26 cents per share fully franked,

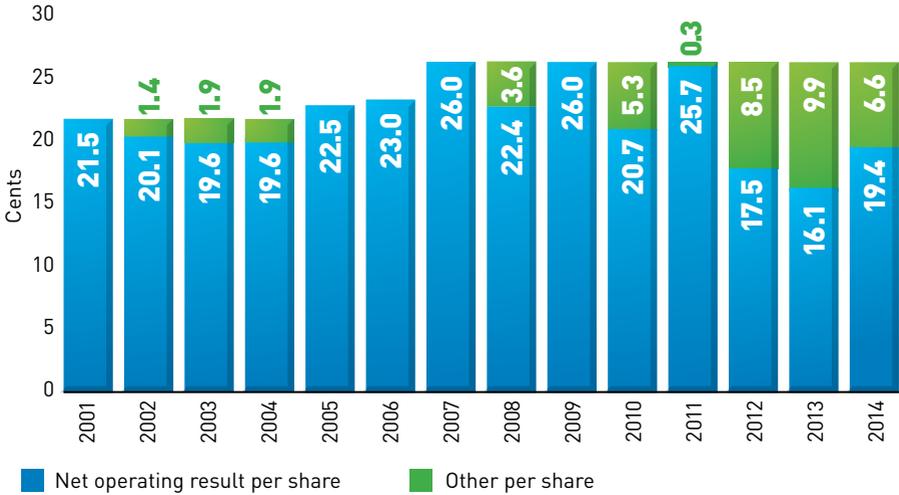
the same as last year. Seven cents of the final dividend is sourced from capital gains, on which the Company has paid or will pay tax. The amount of the pre tax attributable gain, known as an 'LIC capital gain', is therefore 10 cents. This enables some shareholders to claim a tax deduction in their tax return. Further details are provided on the dividend statement. The Dividend Reinvestment Plan remains suspended.

Sources of Dividends and Franking

One of the objectives of the Company is to generate sufficient franking credits from its activities to support the enhanced level of fully franked dividend for shareholders.

Figure 1 on the following page shows the main sources of the Company's annual dividends since 2001. The predominant source is the net operating result, which consists of the dividends received from holdings in the investment portfolio and income received from option activities and the trading portfolio, after tax. However, as Figure 1 highlights Djerriwarrh also uses other sources, mainly taxed realised gains, to supplement the operating result in making up the dividend.

Figure 1: Sources of franking for dividends since 2001



The interplay of these components can be quite complex and are constantly managed through the investment process. Whilst the sale of some stock this year through the exercise of call options into a rising market meant some dividends were forgone, the realised gains from these sales are also an important part of generating income and franking for distribution as franked dividends. This financial year \$9.3 million of after tax realised gains were generated whereas this figure last year was \$9.0 million.

The balance of the franking account after providing for the payment of the final dividend would allow for the payment of a further \$67.9 million of fully franked dividends. This financial year the total of fully franked dividends paid was \$56.8 million.

REVIEW OF OPERATIONS AND ACTIVITIES

continued

Yield

Figure 2 highlights the relative dividend yield on Djerriwarrh shares (which is fully franked) in comparison to the dividend yield on the S&P/ASX 200 Index (which is only 80 per cent franked) since the Company was listed. It should be noted these yields do not take into account the franking benefits available to investors.

The continuation of low interest rates has meant the focus on dividend yield by investors has remained. This has also been a major factor in the share price trading at a substantial premium to the net asset backing. At 30 June 2014 the premium was 25 per cent. Not surprisingly, this high premium has been the case since the time of the global financial crisis when income has become a very important consideration for investors. Figure 3 highlights this trend.

Portfolio

Djerriwarrh's portfolio return for the 12 months to 30 June 2014 was 15.6 per cent whereas the S&P/ASX 200 Accumulation Index rose 17.4 per cent. Djerriwarrh's performance numbers are after expenses and tax paid.

In a strong market environment, such an outcome reflects the investment approach of writing call options over 30 to 40 per cent of the portfolio and also the tax paid on realised gains when some of those options were exercised. However, the generation of franking credits from this activity can add significantly to investor returns for those who can take advantage of these franking credits (refer to Figure 4).

Figure 2: Djerriwarrh yield vs market yield

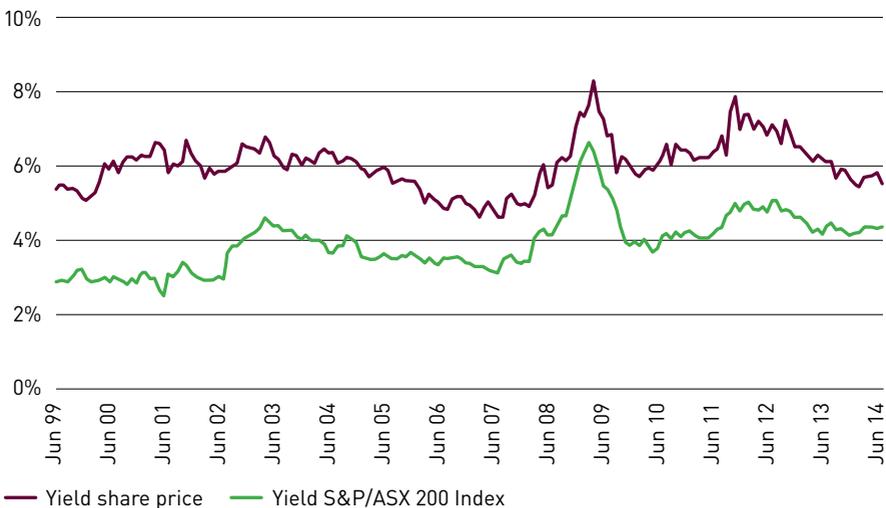


Figure 3: Share price premium/discount to net asset backing

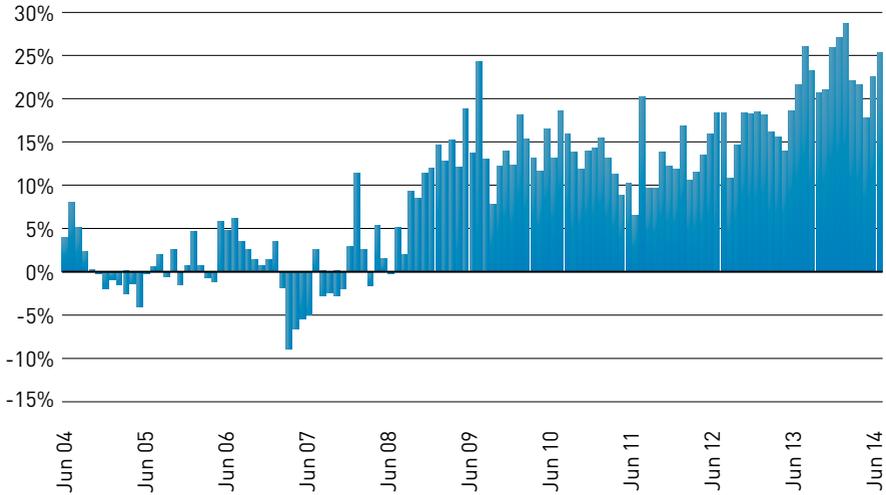
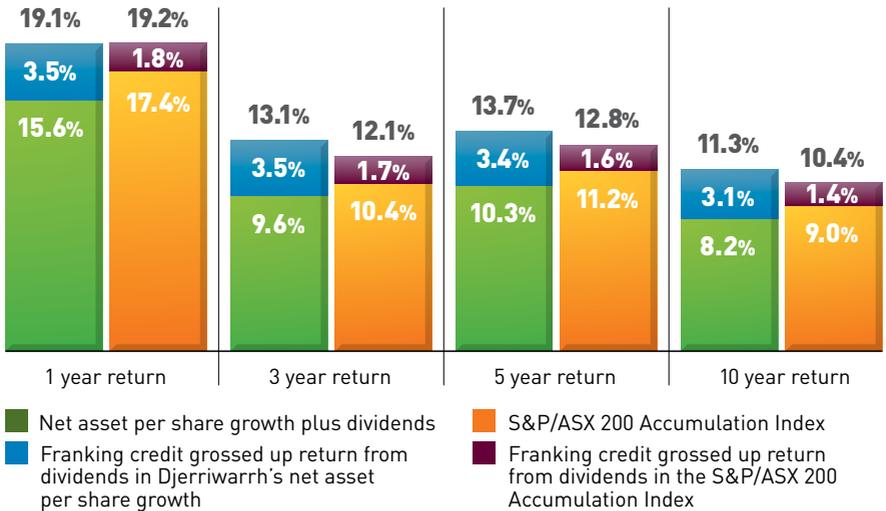


Figure 4: Portfolio performance to 30 June 2014



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



REVIEW OF OPERATIONS AND ACTIVITIES

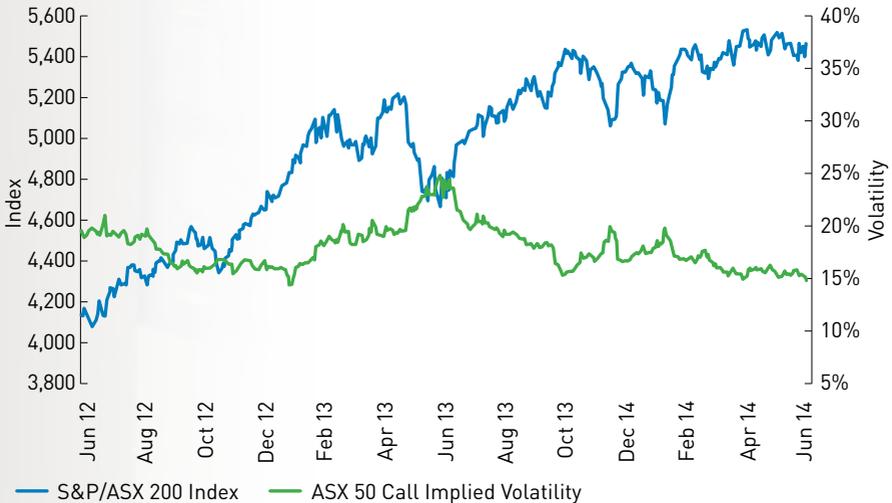
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Assuming an investor can take full advantage of the franking credits, Djerriwarrh's performance has added a 0.9 per cent per annum to investor returns above the overall market over a 10 year period.

Another outcome of the rising market has been the reduction in volatility which is now at very low levels. In this environment where option premium received is down partly because of reduced volatility and share prices looked reasonable, if not slightly stretched, call option coverage of the portfolio was kept at the upper end of the desired range. Following the end of the option expiry period in late June coverage fell as some options were exercised or expired. At the end of the year this figure was 33 per cent, although this has increased to 38 per cent by the time of this report.

The call options exercised during the period covered a range of holdings, particularly higher yielding stocks including the major banks. A number of purchases were made over the year to replenish these bank holdings. Other major additions included Wesfarmers and Woolworths, as well as a number of new stocks to the portfolio including CSL, Twenty-First Century Fox, Qube Holdings, Aurizon Holdings, James Hardie and Japara Healthcare (through the IPO). Whilst some of these new holdings pay a lower fully franked dividend than some other companies in the portfolio, Djerriwarrh also looks for the opportunity to add holdings that can contribute to capital growth in the portfolio as well as having the potential to deliver growing dividends over the long term.

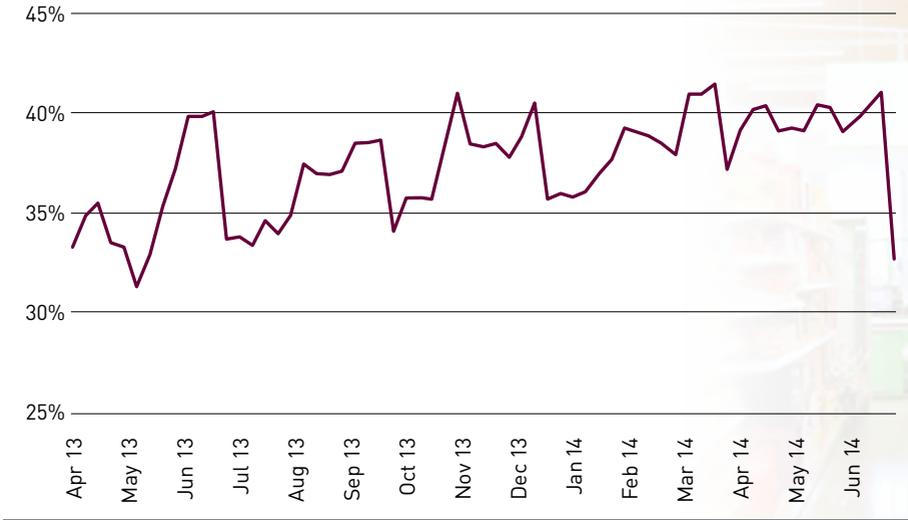
Figure 5: S&P/ASX 200 Index vs market volatility



REVIEW OF OPERATIONS AND ACTIVITIES

continued

Figure 6: Option coverage of the portfolio



Of the new holdings which are smaller companies:

- **Japara Healthcare** is one of Australia's largest enterprises in the aged care and retirement industry. It owns and operates 35 aged care facilities and four retirement complexes throughout Victoria, South Australia, New South Wales and Tasmania.
- **Qube Holdings** is an integrated provider of import and export logistics services with national operations that provide a broad range of services. Qube operates in three divisions covering Automotive, Bulk and General Stevedoring, Landside Logistics and Strategic Development Assets. These businesses provide a broad range of logistics services nationally, focused on the movement of imported and exported products.

Djerriwarrh utilises a modest level of debt to take advantage of returns from the investment opportunities on offer. At present the Company has \$75 million of debt. Djerriwarrh's cash position at 30 June 2014 was \$18.4 million, down from \$91.4 million at 30 June 2013.



REVIEW OF OPERATIONS AND ACTIVITIES

continued

Outlook

Notwithstanding the patchy economic environment in Australia, company earnings have been generally reasonable delivering improved dividends. This trend along with the low interest rate environment contributed to the market moving strongly higher over the year. However, as mentioned, volatility has also declined to very low levels. These factors are important in the pricing Djerriwarrh receives for writing call options.

Our assessment is that economic conditions will continue to be patchy with interest rate settings unlikely to change materially in the near term. Whilst this will not be the only factor influencing equity market sentiment it is expected the Company will continue to keep option coverage at the upper end of its desired range until there is some downward correction in the market or greater value is on offer.

Directorship Matters

In addition to the changes in the Board outlined in the Half-Year Review to shareholders, Kathryn Fagg was appointed to the Board on 29 May 2014.

Kathryn's executive and professional roles have been broad and diverse. She started her career as a petroleum engineer. She became a management consultant and then held a number of Senior Executive positions in the banking, steel and logistics industries across Australia, New Zealand and Asia.

Kathryn is currently a Board member of the Reserve Bank of Australia, and a Non-Executive Director of Incitec Pivot Limited. She is Chair of the Melbourne Recital Centre and a Board member of the Breast Cancer Network of Australia and was previously Chair of Parks Victoria. She also has a number of other significant community interests.

We are delighted to welcome someone of Kathryn's skill and experience to the Board of Djerriwarrh Investments Limited and look forward to the contribution she will make to our deliberations and governance.

TOP 20 INVESTMENTS

As at 30 June 2014

Valued at closing prices at 30 June 2014

	Total Value \$ Million	% of Portfolio
1 BHP Billiton*	89.4	10.3
2 Westpac Banking Corporation*	65.4	7.5
3 Telstra Corporation*	56.3	6.5
4 Commonwealth Bank of Australia*	55.0	6.3
5 Australia & New Zealand Banking Group*	51.7	5.9
6 National Australia Bank*	51.7	5.9
7 Oil Search*	40.7	4.7
8 Woodside Petroleum*	33.8	3.9
9 Wesfarmers*	29.7	3.4
10 Rio Tinto*	26.5	3.0
11 Santos*	22.8	2.6
12 AMP*	22.1	2.5
13 Woolworths*	21.6	2.5
14 Brambles*	18.8	2.2
15 Origin Energy*	18.0	2.1
16 Transurban Group*	17.4	2.0
17 Suncorp*	15.8	1.8
18 AGL Energy*	14.5	1.7
19 QBE Insurance Group*	14.2	1.6
20 Mirrabooka Investments	12.4	1.4
Total	677.7	

As a percentage of total portfolio value (excludes cash)

77.8%

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

INCOME STATEMENT

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Dividends and distributions	38,525	34,541
Revenue from deposits and bank bills	1,110	3,061
Total revenue	39,635	37,602
Net gains on trading portfolio	370	2,518
Income from options written portfolio	14,365	7,147
Income from operating activities	54,370	47,267
Finance costs	(4,956)	(6,612)
Administration expenses	(3,540)	(3,320)
Operating result before income tax	45,874	37,335
Income tax	(3,502)	(2,264)
Net operating result	42,372	35,071
Net capital gains/(losses) on investments		
Net gains/(losses) on open options positions	663	(566)
Net gains on 'puttable instruments' and non-equity investments	104	4,279
Tax expense on above	(230)	(1,114)
	537	2,599
Profit for the year	42,909	37,670
	Cents	Cents
Net operating result per share	19.38	16.06
Profit for the year per share	19.63	17.25

BALANCE SHEET

As at 30 June 2014

	2014 \$'000	2013 \$'000
Current assets		
Cash	18,354	91,386
Receivables	24,448	11,191
Trading portfolio	-	6,366
Total current assets	42,802	108,943
Non-current assets		
Investment portfolio	876,944	766,843
Shares in associate	864	784
Total non-current assets	877,808	767,627
Total assets	920,610	876,570
Current liabilities		
Payables	1,675	955
Tax payable	13,683	25,209
Borrowings – cash advance facilities	75,000	75,000
Interest rate hedging contracts	1,939	2,367
Options written portfolio	5,575	8,240
Total current liabilities	97,872	111,771
Non-current liabilities		
Deferred tax liabilities	399	335
Deferred tax liabilities – investment portfolio	23,196	8,287
Total non-current liabilities	23,595	8,622
Total liabilities	121,467	120,393
Net assets	799,143	756,177
Shareholders' equity		
Share capital	634,225	634,225
Revaluation reserve	100,901	53,656
Realised capital gains reserve	15,658	28,227
Retained profits	50,298	42,436
Interest rate hedging reserve	(1,939)	(2,367)
Total shareholders' equity	799,143	756,177

SUMMARISED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Total equity at the beginning of the year	756,177	690,999
Dividends paid	(56,833)	(56,595)
Dividend Reinvestment Plan	-	5,441
Cost of share issue	-	(13)
Total transactions with shareholders	(56,833)	(51,167)
Profit for the year	42,909	37,670
Revaluation of investment portfolio	81,025	111,854
Provision for tax on revaluation	(24,563)	(34,138)
Revaluation of investment portfolio (after tax)	56,462	77,716
Net movement in fair value for interest rate swaps	428	959
Total comprehensive income for the year	99,799	116,345
Realised gains on securities sold	18,975	33,728
Tax expense on realised gains on securities sold	(9,685)	(24,760)
Net realised gains on securities sold	9,290	8,968
Transfer from revaluation reserve to realised gains reserve	(9,290)	(8,968)
Total equity at the end of the year	799,143	756,177

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

HOLDINGS OF SECURITIES

As at 30 June 2014

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

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

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

Code	Company Name	Number of	Number of	Market
		Shares Held	Shares Held	Value
		2013	2014	2014
		'000	'000	\$'000
AGK*	AGL Energy	941	941	14,518
AIO*	Asciano	0	698	3,867
ALQ*	ALS	102	387	3,261
AMC*	Amcor	1,220	1,035	10,713
AMH	AMCIL	10,599	10,599	10,281
AMP*	AMP	4,747	4,222	22,146
ANZ*	Australia & New Zealand Banking Group	1,538	1,559	51,699
APA	APA Group	2,865	1,765	12,161
ASX*	ASX	195	240	8,541
AWC	Alumina	3,718	3,718	5,019
AZJ*	Aurizon Holdings	0	965	4,725
BHP*	BHP Billiton	2,521	2,496	89,390
BLD*	Boral	1,153	828	4,324
BXB*	Brambles	2,610	2,060	18,830
CBA*	Commonwealth Bank of Australia	770	687	54,958
CCL*	Coca-Cola Amatil	1,220	1,220	11,509

HOLDINGS OF SECURITIES continued

As at 30 June 2014

Code	Company Name	Number of	Number of	Market
		Shares Held	Shares Held	Value
		2013	2014	2014
		'000	'000	\$'000
CPU*	Computershare	1,047	582	7,251
CSL*	CSL	0	112	7,418
CTX*	Caltex Australia	0	200	4,271
EQT	Equity Trustees	67	122	2,550
FOX	Twenty-First Century Fox	0	216	8,029
#	Hexima	280	280	34
IAG*	Insurance Australia Group	985	980	5,670
ILU*	Iluka Resources	410	360	2,911
IPL*	Incitec Pivot	2,275	2,875	8,238
JHC	Japara Healthcare	0	2,050	4,818
JHX*	James Hardie Industries	0	225	3,081
MIR	Mirrabooka Investments	4,616	4,616	12,372
NAB*	National Australia Bank	1,660	1,580	51,687
ORG*	Origin Energy	1,119	1,242	17,989
ORI*	Orica	607	509	9,880
OSH*	Oil Search	4,977	4,308	40,685
PPCG	Peet 9.5% Convertible notes	26	26	2,730
PPT*	Perpetual	54	92	4,339
QBE*	QBE Insurance Group	1,487	1,312	14,235
QUB*	Qube Holdings	0	2,850	6,401
REC*	Recall Holdings	0	722	3,427
RHC	Ramsay Health Care	0	40	1,820
RIO*	Rio Tinto	471	447	26,459

Code	Company Name	Number of	Number of	Market
		Shares Held	Shares Held	Value
		2013	2014	2014
		'000	'000	\$'000
RMD*	ResMed	0	700	3,791
SAI*	SAI Global	0	225	1,008
SCG	Scentre Group	0	1,030	3,296
SEK*	Seek	0	170	2,684
SHL*	Sonic Healthcare	400	460	7,894
STO*	Santos	1,819	1,615	22,831
SUN*	Suncorp Group	1,288	1,175	15,788
SYD	Sydney Airport	4,226	763	3,221
TCL*	Transurban Group	2,431	2,370	17,366
TLS*	Telstra Corporation	10,914	10,864	56,294
TOL*	Toll Holdings	1,694	1,694	8,618
TPM	TPG Telecom	0	260	1,433
TWE*	Treasury Wine Estates	189	527	2,599
WBC*	Westpac Banking Corporation	1,522	1,940	65,401
WES*	Wesfarmers	399	710	29,652
WFD*	Westfield Corporation	0	148	1,013
WOR*	WorleyParsons	170	50	822
WOW*	Woolworths	460	616	21,628
WPL*	Woodside Petroleum	1,023	829	33,792
Total				871,369

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

Unlisted stock.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (Above \$5 Million)	Cost \$'000
Westpac Banking Corporation	40,690
Australia & New Zealand Banking Group	24,578
National Australia Bank	15,757
Commonwealth Bank of Australia	15,473
Wesfarmers ^(a)	13,028
Woolworths	9,944
CSL	7,524
Twenty-First Century Fox	7,514
Qube Holdings	6,220

Sales (Above \$5 Million)*	Proceeds \$'000
Westpac Banking Corporation	25,729
Australia & New Zealand Banking Group	23,032
Commonwealth Bank of Australia	19,795
National Australia Bank	16,877
Sydney Airport	12,723
APA Group	7,198
Woodside Petroleum	6,516
Brambles	6,293
Wesfarmers PPS ^(b)	5,378
Transurban Group	5,016

(a) Includes \$5.4 million from conversion of WES Partially Protected Securities (WESN).

(b) Conversion of WES Partially Protected Securities (WESN) to Wesfarmers Ordinary Shares.

* All sales other than Wesfarmers PPS are as a result of the exercise of call options.

5 YEAR SUMMARY

	2014	2013	2012	2011	2010
Net profit after tax (\$ million)	42.9	37.7	44.1	56.9	25.0
Net operating result after tax (\$ million)	42.4	35.1	37.9	54.9	43.7
Investments at market value (\$ million) ^(a)	871.4	765.0	729.0	811.8	720.3
Dividends per share (cents) ^(b)	26.0	26.0	26.0	26.0	26.0
Net asset backing per share (cents) ^(c)	376	350	317	359	349
Number of shareholders (30 June)	19,035	19,005	18,779	18,933	19,102

Notes

(a) Excludes cash.

(b) All dividends were fully franked. For 2014 the dividend carried attributable 'LIC gain' of 10 cents and for 2013 it was 14.3 cents. There were no attributable LIC gains attached to the dividend for 2012. In 2011 and 2010, the dividends carried attributable 'LIC gain' of 8.6 cents.

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

COMPANY PARTICULARS

Djerriwarrh Investments Limited (DJW)

ABN 38 006 862 693

Directors

John Paterson, Chairman
Ross E Barker, Managing Director
Peter C Barnett
Kathryn J Fagg
Graham B Goldsmith
Andrew F Guy
Graham J Kraehe AO
Bruce B Teele
Alice JM Williams

Company Secretaries

Simon M Pordage
Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office

Level 21, 101 Collins Street
Melbourne Victoria 3000

Mail Address

Mail Box 146
101 Collins Street
Melbourne Victoria 3000

Contact Details

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

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

Telephone 1800 780 784 (toll free)

Share Registrar

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

Shareholder

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

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

Australian Securities Exchange Code

DJW Ordinary shares

SHAREHOLDER MEETINGS

Annual General Meeting

Time 10.00am
Date Monday 6 October 2014
Venue RACV City Club
Location 501 Bourke Street
Melbourne

Brisbane Shareholder Meeting

Time 2.30pm
Date Friday 10 October 2014
Venue Hilton Hotel
Location 190 Elizabeth Street
Brisbane

Adelaide Shareholder Meeting

Time 2.30pm
Date Monday 13 October 2014
Venue Adelaide Festival Centre
Location King William Road
Adelaide

Sydney Shareholder Meeting

Time 2.30pm
Date Monday 20 October 2014
Venue Four Seasons Hotel
Location 199 George Street
Sydney

The Annual Report for 2014 is available on Djerriwarrh's website www.djerri.com.au or by contacting the Company on (03) 9650 9911.



Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD

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NOTICE OF ANNUAL GENERAL MEETING 2014

The Annual General Meeting of Djerriwarrh Investments Limited (the Company) will be held at:

RACV CITY CLUB, LEVEL 17, 501 BOURKE STREET, MELBOURNE, VICTORIA 3000

At **10.00am (AEDT) on Monday 6 October 2014.**

The Company has determined that, for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register at **7.00pm (AEST) on Saturday 4 October 2014.**

BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS AND REPORTS

To consider the Directors' Report, Financial Report and Independent Audit Report for the financial year ended 30 June 2014.

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

2. ADOPTION OF REMUNERATION REPORT

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

"That the Remuneration Report for the financial year ended 30 June 2014 be adopted."

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

3. ELECTION OF DIRECTOR

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

"That Ms Kathryn Fagg, a Director appointed since the last Annual General Meeting and retiring from office in accordance with Rule 45 of the Constitution, being eligible is elected as a Director of the Company."

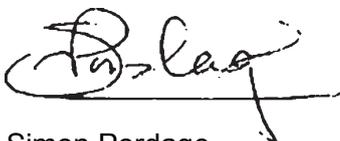
4-5. RE-ELECTION OF DIRECTORS

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

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

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

By Order of the Board



Simon Pordage
Company Secretary
21 August 2014

EXPLANATORY NOTES - BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS AND REPORTS

During this item there will be an opportunity for shareholders to ask questions and comment on the Directors' Report, Financial Report and Independent Audit Report for the financial year ended 30 June 2014. No resolution will be required to be passed on this matter.

Shareholders who have not elected to receive a hard copy of the Company's 2014 Annual Report can view or download it from the Company's website at:

www.djerri.com.au/Company-Reports.aspx

2. ADOPTION OF REMUNERATION REPORT

During this item there will be an opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report which commences on page 13 of the Company's 2014 Annual Report. The vote on the proposed resolution is advisory only.

Voting Exclusions on Item 2

Pursuant to section 250R(4) of the Corporations Act 2001, the Company is required to disregard any votes cast on item 2 (in any capacity) by or on behalf of either a member of the key management personnel, details of whose remuneration are included in the remuneration report; or a closely related party of such a member (together "prohibited persons").

However, the Company will not disregard a vote if:

- the prohibited person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- the vote is not cast on behalf of a prohibited person.

Undirected Proxies on Item 2

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman of the meeting to vote for or against, or to abstain from voting on, the resolution on item 2 (Adoption of Remuneration Report) by marking the appropriate box opposite item 2 in the proxy form.

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

The Chairman of the meeting intends to exercise such proxies by voting them in favour of the adoption of the Remuneration Report.

3. ELECTION OF DIRECTOR

Ms Fagg was appointed to the Board since the last AGM and so is required to stand for election at the 2014 AGM. Her biographical details are as follows:

Kathryn J Fagg

B.E. (Hons), M.Com (Hons), FTSE. Independent Non-Executive Director.

Ms Fagg was appointed to the Board on 29 May 2014. Her executive and professional roles have been broad and diverse. She started her career as a petroleum engineer. She became a management consultant and then held a number of senior executive positions in the banking, steel and logistics industries across Australia, New Zealand and Asia.

She is also currently a Board member of Reserve Bank of Australia and a Non-Executive Director of Incitec Pivot Limited. She is Chair of the Melbourne Recital Centre and a Board member of the Breast Cancer Network of Australia and was previously Chair of Parks Victoria. She also has a number of other significant community interests including as a member of the Business Advisory Council for World Vision.

4-5. RE-ELECTION OF DIRECTORS

Messrs Kraehe and Paterson were last re-elected by shareholders at the 2011 AGM and therefore are required to seek re-election at the 2014 AGM. Their biographical details are as follows:

Graham J Kraehe AO

B Econ (Adel). Independent Non-Executive Director. Chairman of the Nomination Committee and Member of the Audit Committee.

Mr Kraehe is a company Director who was appointed to the Board in July 2002. He is Chairman of BlueScope Steel Limited and Brambles Limited. He is a former Chairman of National Australia Bank Limited and a former Director of News Corporation Limited and the Reserve Bank of Australia. He is also a former Managing Director and Chief Executive Officer of Southcorp Limited. It has been announced that Mr Kraehe will retire from the Board of Brambles Limited at the end of September 2014.

John Paterson

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

Mr Paterson is a company Director who was appointed to the Board in July 2002, appointed Deputy Chairman in September 2009 and appointed Chairman on 7 October 2013. He is also a Director of Australian Foundation Investment Company Limited. He was formerly a Director of Goldman Sachs JBWere and is a former member of the Board of Guardians of Australia's Future Fund.

Further information regarding the Company's Corporate Governance arrangements and the Board's role can be found in the Company's 2014 Annual Report and on the Company's website at:

www.djerri.com.au/Corporate-Governance.aspx

SHAREHOLDER INFORMATION

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

The Board recommends that shareholders vote in favour of each item of business.

The Chairman of the meeting intends to vote undirected proxies in favour of all items of business.

Proxies

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, vote and speak in the shareholder's place and to join in any demand for a poll.
2. Where a shareholder appoints more than one representative, proxy or attorney, those appointees are entitled to vote on a poll but not on a show of hands.
3. A shareholder who appoints two proxies may specify a proportion or number of the shareholder's votes each proxy is appointed to exercise. Where no such specification is made, each proxy may exercise half of the votes (any fractions of votes resulting from this are disregarded).
4. Proxy forms may be lodged online by visiting www.investorvote.com.au or by scanning the QR Code on the proxy form with a mobile device.
5. Relevant custodians may lodge their proxy forms online by visiting www.intermediaryonline.com
6. Proxy forms and any authorities (or certified copies of those authorities) under which they are signed may be delivered in person, by mail or by fax to the Company's Share Registry (see details below) no later than 48 hours before the meeting, being **9.00am (AEST) on Saturday 4 October 2014**. Further details are on the proxy form.
7. A proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chairman of the meeting) on a poll. However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of this Notice, including the voting exclusions noted above).
8. If a proxy does not attend the meeting or does not vote on a poll on a resolution, then the Chairman of the meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting or the poll on that resolution, as applicable. If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of this Notice, including the voting exclusions noted above).

Notice of Annual General Meeting 2014

Corporate Representatives

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

Attorneys

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

Share Registry

The Company's Share Registry details are as follows:

Computershare Investor Services Pty Limited

Street address:
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Postal address:
GPO Box 242
Melbourne VIC 3001

Telephone:	1300 653 915 (within Australia) +61 3 9415 4190 (outside Australia)
Facsimile:	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
Internet:	www.investorcentre.com/contact

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

Lodge your proxy:

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

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

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

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

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

For all enquiries call:

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

Proxy Form



Appoint your proxy and view the Annual Report online

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

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

Control Number: 999999

SRN/HIN: I999999999

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

 **For your proxy form to be effective it must be received by 9.00am (AEST) on Saturday 4 October 2014**

How to direct your proxy to vote

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

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

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

A proxy need not be a shareholder of the Company.

Lodgement of proxy form

This proxy form (and any authority under which it is signed or a certified copy of it) must be received at an address given above by 9.00am (AEST) on Saturday 4 October 2014, being not later than 48 hours before the commencement of the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

Signing instructions for postal forms

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

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

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

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

Attending the meeting

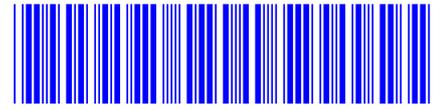
If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under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

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

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

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

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



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Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a proxy to vote on your behalf

XX

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

the Chairman of the meeting OR

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

or failing the individual or body corporate named in relation to the meeting generally or in relation to a poll on a given resolution, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting or in relation to a poll on the given resolution (as applicable) on my/our behalf, including to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of **Djerriwarrah Investments Limited** to be held at **RACV City Club, Level 17, 501 Bourke Street, Melbourne, Victoria at 10.00am (AEDT) on Monday 6 October 2014** and at any adjournment or postponement of that meeting.

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

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

STEP 2 Items of Business

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

ORDINARY BUSINESS

	For	Against	Abstain
Item 2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Director - Ms Kathryn J Fagg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of Director - Mr Graham J Kraehe AO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Re-election of Director - Mr John Paterson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____ Date ____/____/____