



**DJERRIWARRH
INVESTMENTS
LIMITED**

ABN 38 006 862 693

**APPENDIX 4E STATEMENT
FOR THE YEAR ENDING 30 JUNE 2015**

CONTENTS

- Results for announcement to the market
- Media Release
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- Independent Audit Report

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2015 with the previous corresponding period being the year ended 30 June 2014.

This report is based on audited financial statements. A copy of the audit report can be found on page 36.

Results for announcement to the market

- The final dividend of 16 cents per share fully franked, the same as last year, will be paid on 21 August 2015 to ordinary shareholders on the register on 6 August 2015. 7 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 on this portion of the dividend, known as an “LIC capital gain”, is therefore 10 cents (the same as last year). This enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements. There is no conduit foreign income component of the dividend.
- Net Operating Result after tax was \$45.5 million, 7.2% up from the previous corresponding period.
- Net Operating Result per share was 20.8 cents per share, up from 19.4 cents last year.
- Net Profit attributable to members was \$46.9 million, 9.4% up from \$42.9 million in the previous corresponding period.
- Revenue from operating activities was \$43.5 million, 9.8% up from the previous corresponding period.
- The interim dividend for the 2015 financial year was 10 cents per share (the same as last year), fully franked, and it was paid to shareholders on 17 February 2015.
- The Dividend Reinvestment Plan remains suspended.
- Net tangible assets per share before any provision for deferred tax on the unrealised taxable gains on the long-term investment portfolio as at 30 June 2015 were \$3.52 (before allowing for the final dividend), down from \$3.76 (before allowing for the final dividend) at the end of the previous corresponding period.
- The 2015 AGM will be held at the RACV City Club, Melbourne, at 10.00 AM on Monday 5 October 2015.

MEDIA RELEASE – FULL YEAR RESULT TO 30 JUNE 2015

The Australian equity market has been subject to a strong set of divergent forces over the financial year. Continued low interest rates have driven income yielding stocks higher over the majority of year, including the REIT sector which was up 20%. In contrast, ongoing weakness in commodity and oil markets has seen falls of 17% in the resources sector and 20% in the energy sector. Companies with strong growth outlooks have traded on high price earnings ratios making it unattractive to add to these holdings. Finally toward the end of the year the market was influenced by heightened risks in Europe and China which produced a significant correction in the local equity market.

This has presented an interesting and challenging investment environment. While these choppy markets have heightened risk, Djerriwarrh has been able to take advantage of the more recent lift in volatility, which is important for the Company's option writing activities.

Profit and Dividend

Profit for the year to 30 June 2015 was \$46.9 million, up from \$42.9 million in the corresponding period last year. The profit figure this year includes a non-cash dividend of \$5.6 million received as a result of the demerger of South 32 from BHP Billiton. Last year's figure included \$1.6 million of demerger dividends from Amcor and Brambles.

Income from option writing was \$14.1 million in contrast to the \$14.4 million generated last financial year. The option activity undertaken by Djerriwarrh to enhance income was affected by low interest rates and low volatility for the majority of the year. To partially offset these factors option coverage was kept high at 40%, meaning at certain times as the market rose quickly options were exercised.

Taxable realised gains, from the sale of holdings primarily associated with the Company's option activity, also contributes to dividends and franking. This financial year \$25.8 million of after tax realised gains were generated.

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.

Portfolio

Djerriwarrh's total portfolio return, including dividends paid and the full benefit of franking credits was 3.2%. This compares with the S&P/ASX 200 Accumulation Index calculated on the same basis which was 6.8%.

The short term portfolio performance was reflective of the large number of call option exercises in the strong market environment that was evident until recently, the overweight position in energy holdings and the underweight position in REITs.

The ten year return for the portfolio was 9.2% per annum against the benchmark return of 8.5% per annum (see attached performance table).

A number of purchases were made to replenish holdings sold because of the call options exercised during the period. These included the major banks, Telstra and CSL. Djerriwarrh also looked to broaden the exposure of the portfolio by adding holdings where it is possible to write over the counter options to enhance income returns. These stocks included Federation Centres, Cover-More Group, Sims Metal and Healthscope amongst others.

The Company has started the new financial year with a relatively higher level of option coverage. This will assist with the generation of income from the Company's investment activities.

Please direct any enquiries to:

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16 July 2015

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (above \$10 million)⁽¹⁾	Cost (\$'000)
Commonwealth Bank	46,644
Telstra Corporation	31,172
CSL	21,503
National Australia Bank ^(a)	18,125
Westpac Banking Corporation	17,793

Sales (above \$10million)⁽²⁾	Proceeds (\$'000)
Telstra Corporation ^(b)	46,020
Commonwealth Bank of Australia	34,086
Westpac Banking Corporation	20,285
Transurban Group	12,180
Toll Holdings ^(c)	11,948
AMP	11,267
National Australia Bank	10,254

(a) Includes participation in the 2 for 25 Rights Issues at \$28.50 per share

(b) Includes \$8.9 million from the sale of shares tendered into the off market share buy-back

(c) Includes sales because of the takeover of Toll Holdings by Japan Post Co. Ltd.

1. Purchases were made to replenish holdings sold because of call option exercises (other than shares acquired through National Australia Bank rights issue).
2. All sales other than Telstra buy-back and Toll Holdings because of the takeover offer are as a result of the exercise of call options.

TOP INVESTMENTS AS AT 30 JUNE 2015

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 30 June 2015

	Total Value \$ million	% of Portfolio
1 * Commonwealth Bank of Australia	69.2	8.4%
2 * BHP Billiton	67.1	8.2%
3 * National Australia Bank	59.3	7.2%
4 * Westpac Banking Corporation	58.5	7.1%
5 * Australia & New Zealand Banking Group	54.1	6.6%
6 * Telstra Corporation	44.3	5.4%
7 * Oil Search	28.1	3.4%
8 * Wesfarmers	22.3	2.7%
9 * CSL	22.3	2.7%
10 * Rio Tinto	21.9	2.7%
11 * Woodside Petroleum	21.6	2.6%
12 * Brambles	17.4	2.1%
13 * Woolworths	16.5	2.0%
14 * QBE Insurance Group	14.8	1.8%
15 * Origin Energy	13.6	1.7%
16 * AMP	13.1	1.6%
17 * Santos	12.3	1.5%
18 * Suncorp Group	12.2	1.5%
19 Mirrabooka Investments	11.7	1.4%
20 * Asciano	10.8	1.3%
	<hr/> 591.2 <hr/>	
As % of Total Portfolio Value (excludes Cash)	72.0%	

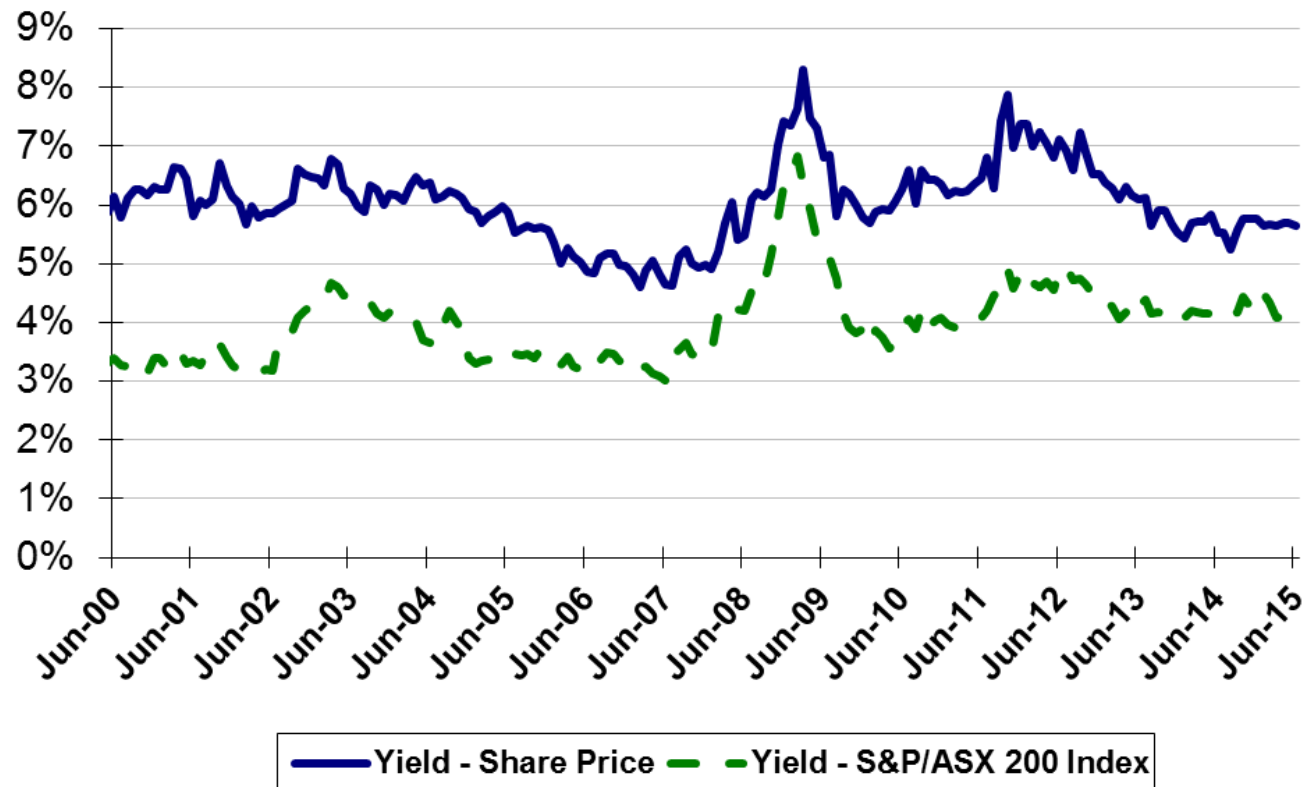
* Indicates that options were outstanding against part or all of the holding

PORTFOLIO PERFORMANCE TO 30 JUNE 2015

PERFORMANCE MEASURES	ANNUALISED RETURNS			
	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<i>PORTFOLIO RETURN - NET ASSET BACKING INCLUDING DIVIDENDS REINVESTED</i>	0.2%	11.3%	7.9%	6.2%
S&P/ASX 200 ACCUMULATION INDEX	5.7%	15.1%	9.7%	7.1%
<i>NET ASSET BACKING GROSS RETURN INCLUDING DIVIDENDS REINVESTED*</i>	3.2%	14.7%	11.3%	9.2%
S&P/ASX 200 GROSS ACCUMULATION INDEX*	6.8%	16.7%	11.3%	8.5%

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

Djerriwarrh Share Price Yield vs. Market Yield



The chart 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 currently only 80% franked) since the Company was listed.

***Djerriwarrh
Investments
Limited***

Annual Financial Statements

30 June 2015

Financial statements

Income Statement for the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Dividends and distributions	A3	42,210	38,525
Revenue from deposits and bank bills		1,305	1,110
Other revenue		21	-
Total revenue		43,536	39,635
Net gains on trading portfolio	A3	287	474
Income from options written portfolio	A3	14,099	14,365
Income from operating activities		57,922	54,474
Finance Costs	B4/D2	(4,850)	(4,956)
Administration expenses	B1	(3,808)	(3,654)
Share of net profit from Associate		145	114
Operating result before income tax expense		49,409	45,978
Income tax expense*	B2, E2	(3,903)	(3,533)
Net operating result for the year		45,506	42,445
Net gains on open options positions		2,032	663
Deferred tax expense on open options positions*		(610)	(199)
		1,422	464
Profit for the year		46,928	42,909
		Cents	Cents
Basic earnings per share	A5	21.47	19.63
		2015 \$'000	2014 \$'000
* Total Tax Expense	B2, E2	4,513	3,732

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

Statement of Comprehensive Income for the Year Ended 30 June 2015

	Year to 30 June 2015			Year to 30 June 2014		
	Revenue ¹ \$'000	Capital ¹ \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Profit for the year	45,552	1,376	46,928	42,372	537	42,909
Other Comprehensive Income						
<i>Items that will not be recycled through the Income Statement</i>						
Gains/(losses) for the period	-	(33,287)	(33,287)	-	81,025	81,025
Deferred tax expense on above	-	8,333	8,333	-	(24,563)	(24,563)
<i>Items that may be recycled through the Income Statement</i>						
Net movement in fair value of swap contracts ²	-	518	518	-	428	428
Total Other Comprehensive Income	-	(24,436)	(24,436)	-	56,890	56,890
Total Comprehensive Income	45,552	(23,060)	22,492	42,372	57,427	99,799

¹ 'Capital' includes realised or unrealised gains or losses (and the tax on those) on securities in the investment portfolio and unrealised gains or losses (and the tax thereon) on options in the options written portfolio. Income in the form of distributions and dividends and realised gains or losses on options is recorded as 'Revenue'. All other items, including expenses, are included in 'Net Operating Result', which is categorised under 'Revenue'.

² 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 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash	D1	41,967	18,354
Receivables		6,683	24,448
Trading portfolio		-	-
Total current assets		48,650	42,802
Non-current assets			
Investment portfolio	A2	827,351	876,944
Shares in associate		965	864
Total non-current assets		828,316	877,808
Total assets		876,966	920,610
Current liabilities			
Payables		11,918	1,675
Tax payable		12,820	13,683
Borrowings – bank debt	D2	75,000	75,000
Interest rate hedging contracts	B4	1,421	1,939
Options Sold	A2	6,100	5,575
Total current liabilities		107,259	97,872
Non-current liabilities			
Deferred tax liabilities	E2	1,109	399
Deferred tax liabilities – investment portfolio	B2	3,796	23,196
Total non-current liabilities		4,905	23,595
Total liabilities		112,164	121,467
Net Assets		764,802	799,143
Shareholders' equity			
Share capital	A1, D6	634,225	634,225
Revaluation reserve	A1, D3	50,126	100,901
Realised capital gains reserve	A1, D4	26,132	15,658
Interest rate hedging reserve		(1,421)	(1,939)
Retained profits	A1, D5	55,740	50,298
Total shareholders' equity		764,802	799,143

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

Statement of Changes in Equity for the Year Ended 30 June 2015

Year Ended 30 June 2015

	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	100,901	15,658	(1,939)	50,298	799,143
Dividends paid	A4	-	-	(15,301)	-	(41,532)	(56,833)
Total transactions with shareholders		-	-	(15,301)	-	(41,532)	(56,833)
Profit for the year		-	(46)	-	-	46,974	46,928
Other Comprehensive Income (net of tax)							
Net loss for the period on investments ¹		-	(24,954)	-	-	-	(24,954)
Net movement in fair value of swap contracts		-	-	-	518	-	518
Other Comprehensive Income for the year		-	(24,954)	-	518	-	(24,436)
Transfer to Realised Capital Gains Reserve of cumulative gains on investments sold		-	(25,775)	25,775	-	-	-
Total equity at the end of the year		634,225	50,126	26,132	(1,421)	55,740	764,802

¹ Consists of an unrealised loss on investments held at the year-end of \$50.7 million (after-tax) plus cumulative gains on investments sold during the year of \$25.8 million (after tax).

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

Statement of Changes in Equity for the Year Ended 30 June 2015 (continued)

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	A4	-	-	(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 gain for the period on investments ¹		-	56,462	-	-	-	56,462
Net movement in fair value of swap contracts		-	-	-	428	-	428
Other Comprehensive Income for the year		-	56,462	-	428	-	56,890
Transfer to Realised Capital Gains Reserve of cumulative gains on investments sold		-	(9,290)	9,290	-	-	-
Total equity at the end of the year		634,225	100,901	15,658	(1,939)	50,298	799,143

¹ Consists of an unrealised gain on investments held at the year-end of \$47.2 million (after-tax) plus cumulative gains on investments sold during the year of \$9.3 million (after tax).

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

Cash Flow Statement for the Year Ended 30 June 2015

		2015 \$'000	2014 \$'000
	Note	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		3,598	9,346
Purchases for trading portfolio		(2,846)	(69)
Interest received		1,305	1,431
Proceeds from entering into options in options written portfolio		23,326	23,025
Payment to close out options in options written portfolio		(6,654)	(10,652)
Dividends and distributions received		39,647	31,949
		58,376	55,030
Other receipts		21	-
Administration expenses		(3,837)	(3,724)
Finance costs paid		(5,351)	(4,540)
Income taxes paid		(6,011)	(791)
Net cash inflow/(outflow) from operating activities	E1	43,198	45,975
Cash flows from investing activities			
Sales from investment portfolio		294,774	177,430
Purchases for investment portfolio		(247,841)	(215,560)
Tax paid on capital gains		(9,685)	(24,044)
Net cash inflow/(outflow) from investing activities		37,248	(62,174)
Cash flows from financing activities			
Dividends paid		(56,833)	(56,833)
Net cash inflow/(outflow) from financing activities		(56,833)	(56,833)
Net increase/(decrease) in cash held		23,613	(73,032)
Cash at the beginning of the year		18,354	91,386
Cash at the end of the year	D1	41,967	18,354

For the purpose of the cash flow statement, 'cash' includes cash and deposits held at call.

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

Notes to the financial statements

A. Understanding Djerriwarrh's financial performance

A1. How Djerriwarrh manages its capital

Djerriwarrh's objective is to provide shareholders with attractive total returns including capital growth over the medium to long term and to pay an enhanced level of dividends.

Djerriwarrh recognises that its capital will fluctuate with market conditions. In order to manage those fluctuations, the Board may adjust the amount of dividends paid, issue new shares, buy back the Company's shares or, where applicable, sell assets to settle any debt.

Djerriwarrh's capital consists of its shareholders' equity plus any net borrowings. A summary of the balances in equity (excluding the interest rate hedging reserve) is provided below:

	2015	2014
	\$'000	\$'000
Share capital	634,225	634,225
Revaluation reserve	50,126	100,901
Realised capital gains	26,132	15,658
Retained profits	55,740	50,298
	<hr/> 766,223	<hr/> 801,082

Refer to notes D3-D6 for a reconciliation of movement for each equity account from period to period.

A2. Investments held and how they are measured

Djerriwarrh has three portfolios of securities: the investment portfolio, the options written portfolio and the trading portfolio. Details of all holdings as at the end of the reporting period can be found at the end of the Annual Report.

The investment portfolio holds securities which the company intends to retain on a long-term basis. The options written portfolio and trading portfolio are held for short-term trading only. The latter is relatively small in size when utilised. The Company predominantly writes call options but a small number of put options are also written at times (see below). Call options are only written over securities held in the investment portfolio whilst put options are fully backed by cash, cash equivalents or access to liquidity facilities.

The balance and composition of the investment portfolio was:

	2015	2014
	\$'000	\$'000
Equity instruments (at market value)	824,686	874,214
Puttable instruments and convertible notes that are classified as debt	2,665	2,730
	827,351	876,944

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

Call options	(5,908)	(5,575)
Put options	(192)	-
	(6,100)	(5,575)

If all call options were exercised, this would lead to the sale of \$384.0 million worth of securities at an agreed price – the 'exposure' (2014: \$289.4 million). If all put options were exercised, this would lead to the purchase of \$4.4 million of securities at an agreed price (2014 : No put options in the portfolio).

\$106.6 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2014: \$130.6 million). These shares are lodged with ASX Clear under the terms of ASX Clear Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

How investments are shown in the financial statements

The accounting standards set out the following hierarchy for fair value measurement:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset or liabilities that are not based on observable market data

All financial instruments held by Djerriwarrh are classified as Level 1 (other than options and the Company's investment in the unlisted security Hexima, which are Level 2). Their fair values are initially measured at the costs of acquisition and then remeasured based on quoted market prices at the end of the reporting period. Options are valued daily using an independent third-party data provider.

Net tangible asset backing per share

The Investment Committee regularly reviews the net asset backing per share both before and after provision for deferred tax on the unrealised gains in Djerriwarrh's long-term investment portfolio. Deferred tax is calculated as set out in note B2. The relevant amounts as at 30 June 2015 and 30 June 2014 were as follows:

	30 June 2015	30 June 2014
Net tangible asset backing per share	\$	\$
Before tax	3.52	3.76
After tax	3.50	3.66

Equity investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' ("OCI"), because they are equity instruments held for long-term capital growth and dividend income, rather than to make a profit from their sale. This means that changes in the value of these shares during the reporting period are included in OCI in the statement of comprehensive income. The cumulative change in value of the shares over time is then recorded in the Revaluation Reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realisation reserve.

Options

Options are classified as financial assets or liabilities at fair value through profit and loss and usually have an expiry date within twelve months from the date that they are sold. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value.

Puttable instruments & Convertible Notes

Puttable instruments and convertible notes are classified as financial assets at fair value through profit and loss under the accounting standards and therefore need to be treated differently in the financial statements from equity investments, even though they are managed in the same way as the rest of the investment portfolio. Changes in the value of these investments are reflected in the Income Statement and not in the Statement of Comprehensive Income with the other investments. Any gains or losses on these securities are transferred from Retained Profits to the Revaluation Reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realisation reserve.

Securities sold and how they are measured

During the period \$276.2 million (2014 : \$185.7 million) of equity securities were sold. The cumulative gain on the sale of securities was \$25.8 million for the period after tax (2014: \$9.3 million). This has been transferred from the revaluation reserve to the realisation reserve (see Statement of Changes in Equity). These sales were accounted for at the date of trade.

Where securities are sold, any difference between the sale price and the carrying amount is transferred from the Revaluation Reserve to the Realisation Reserve and the amounts noted in the Statement of Changes in Equity. This means the Company is able to identify the realised gains out of which it can pay a 'Listed Investment Company' (LIC) gain as part of the dividend, which conveys certain taxation benefits to many of Djerriwarrh's shareholders.

The realised gain or loss on options written is not recognised until the option expires, is exercised or is closed out. All unrealised gains or losses which represent movements in the Market Value of the options are recognised through the Income Statement.

A3. Operating income

The total income received from Djerriwarrh's investments in 2015 is set out below.

	2015 \$'000	2014 \$'000
Dividends and distributions		
Dividends from securities held in investment portfolio at 30 June	37,607	36,013
Dividends from investment securities sold during the year	4,603	2,387
Dividends from securities held in trading portfolio at 30 June	-	-
Dividends from trading securities sold during the year	-	125
	42,210	38,525

Dividends from listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Dividends from unlisted securities are recognised as income when they are received. Capital returns on ordinary shares are treated as an adjustment to the carrying value of the shares.

Trading income & non-equity investments

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

Net gains

Net realised gains from trading portfolio	352	370
Realised gains on options written portfolio	14,099	14,365
Unrealised gains from trading portfolio	-	-
Gains/(losses) on non-equity investments	(65)	104
	14,386	14,839

Including the realised gain on options written above, plus the unrealised gain on open options, a total of \$16.1 million before tax was recorded through the Income Statement from options in the options written portfolio (2014 : \$15.1 million).

A4 . Dividends paid

The dividends paid and payable for the year ended 30 June 2015 are shown below:

	2015 \$'000	2014 \$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2014 of 16 cents fully franked at 30% paid 22 August 2014 (2014: 16 cents fully franked at 30% paid on 23 August 2013).	34,974	34,974
Interim dividend for the year ended 30 June 2015 of 10 cents per share fully franked at 30%, paid 17 February 2015 (2014: 10 cents fully franked at 30% paid 18 February 2014)	21,859	21,859
	56,833	56,833
(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	49,937	44,104
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	34,948	29,115

These franking account balances would allow Djerriwarrh to frank additional dividend payments up to an amount of: 81,545 67,935

Djerriwarrh's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and on Djerriwarrh paying tax on its other operating activities and on any capital gain..

(c) Dividends declared after balance date

Since the end of the year Directors have declared a final dividend of 16 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2015 to be paid on 21 August 2015, but not recognised as a liability at the end of the financial year is:

34,974

(d) Listed Investment Company capital gain account

	2015 \$'000	2014 \$'000
Balance of the Listed Investment Company (LIC) capital gain account	71,468	59,563
This equates to an attributable amount	102,097	85,090

Distributed LIC capital gains may entitle certain shareholders to a deduction in their tax return, as set out in the dividend statement. LIC capital gains available for distribution are dependent on the disposal of investment portfolio holdings that qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios. \$15.3 million of the capital gain (\$21.9 million of the attributable amount) will be paid out as part of the final dividend on 21 August 2015.

A5. Earnings per share

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

Basic Earnings per share	2015 Number	2014 Number
Weighted average number of ordinary shares used as the denominator	218,589,718	218,589,718
	\$'000	\$'000
Profit for the year	46,928	42,909
	Cents	Cents
Basic earnings per share	21.47	19.63
Basic net operating result per share	\$'000	\$'000
Net operating result	45,506	42,445
	Cents	Cents
Basic net operating result per share	20.82	19.42

Dilution

As there are no options, convertible notes or other dilutive instruments on issue, diluted earnings per share is the same as basic earnings per share. This also applies to diluted net operating result before net gains on investment and options written portfolio per share.

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2015 \$'000	2014 \$'000
Administration fees paid to AICS	(2,274)	(2,234)
Share of net profit from Associate	145	114
Other administration expenses	(1,534)	(1,420)

Administration fees paid to AICS

Australian Investment Company Services Limited ("AICS") undertakes the day-to-day management of Djerriwarrh's investments and its operation, including financial reporting and administration. Djerriwarrh has a 25% shareholding in AICS.

Other administration expenses

A major component of other administration expenses is Directors' remuneration. This has been summarised below:

	Short Term Benefits \$	Post- Employment Benefits \$	Total \$
2015			
Directors	658,803	66,465	725,268
2014			
Directors	617,135	71,722	688,857

Djerriwarrh recognises Directors' retirement allowances that have been crystallised as 'amounts payable'. There are no further retirement allowances that will need to be expensed.

Detailed remuneration disclosures are provided in the Remuneration Report.

The Company does not make loans to Directors.

B2. Tax

Djerriwarrh's tax position, and how it accounts for tax, is explained here. Detailed reconciliations of tax accounting to the financial statements can be found in note E2.

The income tax expense for the period is the tax payable on this financial year's taxable income, adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences and for any unused tax losses. Deferred tax assets and liabilities (except for those related to the unrealised gains or losses in the investment portfolio) are offset, as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A provision has been made for taxes on any unrealised gains or losses on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments, convertible notes that are classified as debt and the options written portfolio.

A provision also has to be made for any taxes that could arise on sale of securities in the investment portfolio, even though there is no intention to dispose of them. Where Djerriwarrh disposes of such securities, tax is calculated according to the particular parcels allocated to the sale for tax purposes, offset against any capital losses carried forward.

Tax expense

The income tax expense for the period is shown below:

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

	2015 \$'000	2014 \$'000
Operating result before income tax expense	49,409	45,978
Tax at the Australian tax rate of 30% (2014 – 30%)	14,823	13,793
Tax offset for franked dividends	(9,171)	(9,105)
Tax effect of sundry items not taxable in calculating taxable income	(1,677)	(755)
	3,975	3,933
Over provision in prior years	(72)	(400)
Income tax expense on operating result before net gains on investments	3,903	3,533
Net gains on open options positions	2,032	663
Tax at the Australian tax rate of 30% (2014 – 30%)	610	199
Tax expense on net gains on open options positions	610	199
Total tax expense	4,513	3,732

Deferred tax liabilities – investment portfolio

The accounting standards require us to recognise a deferred tax liability for the potential capital gains tax on the unrealised gain in the investment portfolio. This amount is shown in the Balance Sheet. However, the Board does not intend to sell the investment portfolio, so this tax liability is unlikely to arise at this amount. Any sale of securities would also be affected by any changes in capital gains tax legislation or tax rate applicable to such gains when they are sold.

	2015 \$'000	2014 \$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	3,796	23,196
Opening balance at 1 July	23,196	8,287
Charged to income statement for puttable instruments/non-equity investments	(19)	31
Tax on realised gains	(11,048)	(9,685)
Charged to OCI for ordinary securities on gains or losses for the period	(8,333)	24,563
	3,796	23,196

B3. Risk

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

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

	2015		2014	
	\$'000		\$'000	
	5%	10%	5%	10%
Profit after Tax	(93)	(187)	(96)	(191)
Other Comprehensive Income	(28,864)	(57,728)	(30,597)	(61,195)

A market fall of 5% and 10% across the Trading Portfolio & Options Written Portfolio on values at 30 June would lead to the following increases (after tax) :

	2015		2014	
	\$'000		\$'000	
	5%	10%	5%	10%
Profit after Tax	214	427	195	390
Other Comprehensive Income	-	-	-	-

The Revaluation Reserve at 30 June 2015 was \$50.1 million (2014 : \$100.9 million). It would require a fall in the value of the investment portfolio of 9% after tax to fully deplete this (2014 : 16%).

Djerriwarrh seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee (normally fortnightly) and risk can be managed by reducing exposure where necessary. Djerriwarrh does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

Djerriwarrh's investment by sector is as below:

	2015	2014
Energy	9.42%	13.54%
Materials	16.97%	17.98%
Industrials	7.75%	8.25%
Consumer Staples	5.58%	7.35%
Banks	27.94%	25.15%
Other Financials (incl. property trusts)	11.77%	11.56%
Telecommunications	5.74%	6.49%
Healthcare	5.82%	2.90%
Other –Consumer Discretionary, Info Technology & Utilities	4.15%	4.72%
Cash	4.86%	2.06%

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

	2015
Commonwealth Bank	8.4%
BHP Billiton	8.2%
National Australia Bank	7.2%
Westpac	7.1%
ANZ Bank	6.6%
Telstra	5.4%
	2014
BHP Billiton	10.3%
Westpac	7.5%
Telstra	6.5%
Commonwealth Bank	6.3%
ANZ Bank	5.9%
National Australia Bank	5.9%

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

Interest Rate Risk

Djerriwarrh is not currently materially exposed to interest rate risk as all its cash investments and borrowings are short term for a fixed interest rate but it has entered into interest rate hedging contracts with the Commonwealth Bank of Australia and Westpac Bank, under which Djerriwarrh will pay a fixed interest rate on \$75 million worth of short term borrowings, \$50 million of which commenced in March 2011 and \$25 million which commenced in February 2013. This locked in a longer term fixed rate for a substantial proportion of Djerriwarrh's debt and will expire respectively in March 2016 and February 2018. Should interest rates move to the extent that the Board feel that the swaps are uneconomical, they would be unwound and the cost of unwinding them would be reflected through the Income Statement. Interest rate risk on hybrid securities held by Djerriwarrh is reflected in their market value. The hedge was fully effective for the year.

Djerriwarrh is also not directly exposed to material currency risk as most of 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. Options are only written against securities that are held in the trading or investment portfolios although stock may be purchased on-market to meet call obligations.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Djerriwarrh is exposed to credit risk from cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue. The risk in relation to each of these items is set out below.

Cash

All cash investments not held in a transactional account are invested in short-term deposits with Australia's "Big 4" commercial banks or their wholly-owned subsidiaries or in cash management trusts managed by those subsidiaries. In the unlikely event of a bank default or default on the underlying securities in the cash trust, there is a risk of losing the cash deposits and any accrued unpaid interest.

Receivables

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction. Receivables are non-interest bearing and unsecured. In the event of a payment default, there is a risk of losing any difference between the price of the securities sold and the price of the recovered securities from the discontinued sale.

Trading and investment portfolios

Converting and convertible notes or other interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. This risk will be realised in the event of a shortfall on winding-up of the issuing companies.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial liabilities.

Djerriwarrh monitors its cash-flow requirements daily. The Investment Committee also monitors the level of contingent payments on a regular basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require Djerriwarrh to purchase securities, and facilities that need to be repaid. Djerriwarrh ensures that it has either cash or access to short-term borrowing facilities sufficient to meet these contingent payments.

Djerriwarrh's inward cash flows depend upon the dividends received. Should these drop by a material amount, Djerriwarrh would amend its outward cash-flows accordingly. Djerriwarrh's major cash outflows are the purchase of securities and dividends paid to shareholders, and both of these can be adjusted by the Board and management. Furthermore, the assets of Djerriwarrh are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The table below analyses Djerriwarrh's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 6 months	6-12 months	Greater than 1 year	Total contractual cash flows	Carrying amount
30 June 2015	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Payables	11,918	-	-	11,918	11,918
Borrowings	75,000	-	-	75,000	75,000
	86,918	-	-	86,918	86,918
Derivatives					
Options written*	4,434	-	-	4,434	6,100
Interest rate swaps	989	497	475	1,961	1,421
	5,423	497	475	6,395	7,521
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

* In the case of call options, there are no contractual cash flows as if the option 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).

B4. Interest Rate Swaps

	2015	2014
	\$000	\$000
Opening Balance at 1 July	(1,939)	(2,367)
Movement for year (net of tax)	518	428
Fair Value of interest rate swap agreements	(1,421)	(1,939)

The company has entered into 2 interest rate hedging contracts at a rate of 5.52 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 of \$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 5 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.

C. Unrecognised items

Unrecognised items, such as contingencies, do not appear in the financial statements, usually because they don't meet the requirements for recognition. However, they have the potential to have a significant impact on the Company's financial position and performance.

C1. Contingencies

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

Additional information

Additional information that shareholder may find useful is included here. It is grouped into three sections:

- D Balance sheet reconciliations
- E Income statement reconciliations
- F Other information

D. Balance sheet reconciliations

This section provides information about the basis of calculation of line items in the financial statements that the Directors do not consider significant in the context of the Company's operations.

D1. Current assets – cash

	2015	2014
	\$'000	\$'000
Cash at bank and in hand (including on-call)	41,967	18,354

D2. Credit Facilities

The Company was party to agreements under which Commonwealth Bank of Australia and Westpac Bank would extend cash advance facilities. Details of the facilities are given below.

	2015	2014
	\$'000	\$'000
Commonwealth Bank of Australia – cash advance facility	130,000	135,000
Amount drawn down at 30 June	75,000	60,000
Undrawn facilities at 30 June	55,000	75,000
Westpac Bank- cash advance facility	20,000	15,000
Amount drawn down at 30 June	0	15,000
Undrawn facilities at 30 June	20,000	0
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 2017
Commonwealth Bank	\$10 million	30 June 2016
Commonwealth Bank	\$30 million	31 December 2016
Westpac Bank	\$10 million	30 June 2018
Westpac Bank	\$10 million	31 December 2015
Commonwealth Bank	\$40 million	30 June 2018
Total Facilities	\$150 million	

Cash holdings yielded an average floating interest rate of 2.78% (2014: 3.25%). All cash investments not held in a transactional account or an over-night 'at call' account are invested in short-term deposits with Australia's "Big 4" commercial banks or their wholly-owned subsidiaries, all rated 'AA-' by S&P which have a maturity of three months or less or in cash management trusts managed by those subsidiaries (currently rated AAAm).

D3. Revaluation reserve

	2015	2014
	\$'000	\$'000
Opening balance at 1 July	100,901	53,656
Gains/(losses) on investment portfolio		
- Equity Instruments	(33,287)	81,025
- Puttable/debt instruments (transferred from retained profits)	(65)	104
Deferred tax on above	8,352	(24,594)
Cumulative taxable realised (gains)/losses (net of tax)	(25,775)	(9,290)
	50,126	100,901

D4. Realised capital gains reserve

	2015 \$'000			2014 \$'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	61,052	(45,394)	15,658	58,787	(30,560)	28,227
Dividends paid	(15,301)	-	(15,301)	(21,859)	-	(21,859)
Cumulative taxable realised (losses)/gains for period	36,828	(5)	36,823	33,809	(14,834)	18,975
Tax on realised gains/(losses)	(11,048)	-	(11,048)	(9,685)	-	(9,685)
	71,531	(45,399)	26,132	61,052	(45,394)	15,658

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in A2. The difference between tax and accounting costs is a result of realised gains or losses being accounted for on an average cost basis, whilst taxable gains or losses are made based on the specific cost of the actual stock sold – i.e. on a parcel selection basis. These differences also include non-taxable realised gains or losses, e.g. losses under off-market buy-backs.

D5. Retained profits

	2015 \$'000	2014 \$'000
Opening balance at 1 July	50,298	42,436
Dividends paid	(41,532)	(34,974)
Profit for the year	46,928	42,909
Transfer to revaluation reserve (puttable instruments & non-equity investments) (net of tax)	46	(73)
	55,740	50,298

This reserve relates to past profits.

D6. Share capital

Date	Details	Number of shares '000	Paid-up Capital \$'000
1/7/2013	Balance	218,590	634,225
30/6/2014	Balance	218,590	634,225
30/6/2015	Balance	218,590	634,225

All shares have been fully paid, rank pari passu and have no par value.

E. Income statement reconciliations

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

	2015 \$'000	2014 \$'000
Profit for the year	46,928	42,909
Change in fair value of puttable instruments	46	(73)
Net decrease (increase) in trading portfolio	-	6,366
Net profit from Associate	(101)	(80)
Increase (decrease) in options written portfolio	525	(2,665)
Dividends received as securities under DRP investments	(2,242)	(4,431)
Decrease (increase) in current receivables	17,765	(13,257)
- Less increase (decrease) in receivables for investment portfolio	(18,044)	14,022
Increase (decrease) in deferred tax liabilities	(18,690)	14,973
- Less (increase) decrease in deferred tax liability on investment portfolio	19,400	(14,909)
Increase (decrease) in current payables	10,243	720
- Less decrease (increase) in payables for investment portfolio	(10,406)	(433)
Increase (decrease) in provision for tax payable	(863)	(11,526)
- Less CGT provision	(11,048)	(9,685)
- Add taxes paid on capital gains	9,685	24,044
Net cash flows from operating activities	43,198	45,975

E2. Tax reconciliations

Tax expense composition

Charge for tax payable relating to the current year	3,894	4,037
Over provision in prior years	(72)	(400)
Increase (decrease) in deferred tax liabilities	710	64
Increase (decrease) in deferred tax liabilities – investment portfolio	(19)	31
	4,513	3,732

Amounts recognised directly through Other Comprehensive Income

Net increase in deferred tax liabilities relating to capital gains tax on the movement in gains in the investment portfolio	(8,333)	24,563
	(8,333)	24,563

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

	2015	2014
	\$'000	\$'000
(a) Tax on unrealised gains in the trading portfolio	-	-
(b) Tax on unrealised gains in the options written portfolio	1,089	480
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	(165)	(173)
(d) Interest and dividend income receivable which is not assessable for tax until receipt	185	92
	1,109	399
Movements:		
Opening asset balance at 1 July	399	335
Credited/(charged) to Income statement	710	64
Credited/(charged) to OCI	-	-
	1,109	399

Deferred tax assets arise when provisions and expenses have been charged but are not yet tax deductible. These assets are realised when the relevant items become tax deductible, as long as enough taxable income has been generated to claim the assets against, and as long as there are no changes to the tax legislation that affect Djerriwarrh's ability to claim the deduction.

The portion of deferred tax liability likely to be reversed within the next 12 months is \$1.3 million (2014: \$572,000). This relates primarily to items described in items (b) and (d) above.

E3. Reconciliation of profit before tax

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

	2015	2014
	\$'000	\$'000
Operating result after income tax expense	45,506	42,445
Add back income tax expense	3,903	3,533
Net gains on open options positions	2,032	663
Profit for the year before tax	51,441	46,641

F. Other information

This section covers other information that is not directly related to specific line items in the financial statements, including information about related party transactions, share-based payments, assets pledged as security and other statutory information.

F1. Related parties

All transactions related parties were made on normal commercial terms and conditions and approved by independent Directors. The only such transactions were in connection with the services provided by AICS (see B1).

F2. Remuneration of auditors

During the year the auditor earned the following remuneration:

	2015	2014
	\$	\$
PricewaterhouseCoopers		
Audit or review of financial reports	147,034	136,660
<u>Non-Audit Services</u>		
Taxation compliance services	21,655	21,150
Total remuneration	168,689	157,810

F3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board, through its sub-committees, has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

Description of segments

The Board makes the strategic resource allocations for Djerriwarrh. Djerriwarrh has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for Djerriwarrh's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and Djerriwarrh's performance is evaluated on an overall basis.

Segment information provided to the Board

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

Other segment information

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

Djerriwarrh is domiciled in Australia and most of Djerriwarrh's income is derived from Australian entities or entities that maintain a listing in Australia. Djerriwarrh has a diversified portfolio of investments, with only one investment comprising more than 10% of Djerriwarrh's income from operating activities – BHP Billiton (18.9% : due to the demerger dividend for South32 of \$5.6m).

F4. Summary of other accounting policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. This financial report has been authorised for issue and is presented in the Australian currency. Djerriwarrh has the power to amend and reissue the financial report.

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

Phrase	AASB Terminology
Market Value	Fair Value for Actively Traded Securities
Cash	Cash & Cash Equivalents
Share Capital	Contributed Equity
Options	Derivatives written over equity instruments that are valued at fair value through Profit or Loss

Other terminology used in the report is defined as follows:

Phrase	Definition
Net Operating Result	Total operating income after operating expenses and income tax are deducted

Djerriwarrh complies with International Financial Reporting Standards (IFRS). Djerriwarrh is a 'for profit' entity.

Djerriwarrh has not applied any Australian Accounting Standards or AASB Interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2015 ("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. Djerriwarrh only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

Basis of accounting

The financial statements are prepared using the valuation methods described in A2. All other items have been treated in accordance with the historical cost convention.

Fair value of financial assets and liabilities

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

Rounding of amounts

Djerriwarrh is a company of the kind referred to in 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.

F5. Associate Accounting

Associates are entities over which the Company has significant influence but not control, generally accompanied by a shareholding of between 20 and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost, in the Company's financial statements.

The Company has one associate - Australian Investment Company Services (AICS), incorporated in Australia, in which it has a 25 per cent shareholding. AICS provides investment and administrative services to the Company and to other Listed Investment Companies, including its Parent, Australian Foundation Investment Company (AFIC) which holds the other 75 per cent.

The Company's share of its associate's post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in Net Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.



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 2015, 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 F, 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

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Auditor's opinion

In our opinion:

- (a) 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 2015 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*.
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note F.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script, appearing to be 'Charles Christie'.

Charles Christie
Partner

Melbourne
16 July 2015